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International Herald Tribune

Published With The New York Times and The Washington Post

No. 33,751 36/91 ** PARIS, MONDAY, SEPTEMBER 2, 1991 ESTABLISHED 1887

EC Meets Yugoslavs To Sign A Truce

Battles Continue As van den Broek Reaches Belgrade

By John Tagliabue
New York Times Service

ZAGREB, Yugoslavia — European Community officials and Yugoslav leaders met Sunday in a new effort to end the violence in Yugoslavia, a little more than two months after declarations of independence by the country's two wealthiest republics, Croatia and Slovenia, sparked heavy fighting.

As the Community representative, Foreign Minister Hans van den Broek of the Netherlands arrived in Belgrade to sign a cease-fire agreement, fighting continued.

In Gospic, a Croatian village south of Zagreb, Croatian radio reported heavy mortar fire. In Darvar, northwest of the Croatian capital, heavy mortar fire was also reported, as Croatian militia and Serb rebels backed by the federal army scrambled for advantage, with a number of deaths.

The way toward a cease-fire agreement was cleared on Saturday when Serbia dropped its opposition to EC plans to deploy foreign observers on Croatian battlefields.

In the turmoil-filled days since Croatia and Slovenia voted on June 25 to leave the federated nation, the toll that the war has exacted in Yugoslavia has been heavy, in human lives and political and economic damage.

In Slovenia, about 70 people died in the violence that erupted when the Alpine republic blocked a feeble federal army attempt in June to seize its borders.

When fighting reached Croatia, as Serb guerrillas alarmed at Slovenia's success sought to seize control of ethnically mixed regions, about 400 people died in fighting and more than 140,000 fled their homes. Scenic Danube towns like Vukovar and Osijek were crushed.

In Croatia, roughly a third of the land, by some estimates, has fallen

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John A. Elder/The Associated Press

The NFL Season Gets Under Way, Unlucky Knocks and All

The Philadelphia Eagles' star quarterback, Randall Cunningham, sizing up his left knee as he left the field after being injured in the second quarter Sunday in Green Bay, Wisconsin. Cunningham apparently tore ligaments in the knee, could undergo surgery Monday and may be out for the season. At the end of the day, the Eagles prevailed over the Packers, 20-3. Page 13.

Yakovlev Sees Danger At Special Congress

He Cautions That Hard-Liners Could Use New Session to Stage Constitutional Coup

By Francis X. Clines
New York Times Service

MOSCOW — Insurgent politicians warned on Sunday that an emergency national Congress of People's Deputies that is supposed to seek a new formula for reviving the exhausted Soviet political system could provide an opportunity for Communist reactionaries to seek a constitutional coup to depose President Mikhail S. Gorbachev.

Notably, such a warning was issued by Alexander N. Yakovlev, the Gorbachev adviser and party critic who predicted the police and military coup by ranking Communist officials two weeks ago.

"The coming Congress could itself come out putschist," Mr. Yakovlev said on Sunday evening in a television interview in which progressives noted the considerable powers of the Congress and called for it to act only on transitional needs and not on any substantive changes in government.

The Congress, the nation's 2,500-member superlegislature, chose Mr. Gorbachev as president in the first place and has the power — theoretically, at least, in these highly uncertain times — to vote him out when it meets on Monday.

But Boris N. Yeltsin, the president of the Russian Republic, which holds over half the nation's population and economic power, promised to use his republic's votes to protect Mr. Gorbachev in the Congress from any such challenge.

"We will defend him tomorrow," he declared.

"Today he is clearly ready for radical changes, which was not so clear before," Mr. Yeltsin told reporters. "Today the degree of confidence in him from the Russian federation is indisputedly greater."

In an interview with CNN on Sunday, Mr. Gorbachev insisted that he had no intention of resigning at a turning point in Soviet history. "It would be amoral to do so at this difficult stage," he said. "I will not allow myself as a person or as a citizen to resign."

He also said Sunday that he was prepared to accept independence for the three Baltic republics if that was the will of their peoples. "In this connection, if this is the ultimate will and the intention of the peoples of these republics, I believe we have to agree to this," he said.

Apart from whatever fresh intrigues might be attempted against Mr. Gorbachev, the Congress will be dealing with the larger issue of how to begin moving the nation toward political reconstruction, an issue bolstered by rising public pressure for fast action.

The search for some new national government formula continued during the day on Sunday at the

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Communism's Collapse

Now that communism is in its death throes, what remains to divide the left and the right? Page 2.
In a Moscow food line, doubt about change. Page 2.
As the Soviet Union shifts, the predicted "new world order" appears to be here. Page 3.
Bush has decided to recognize the Baltics. Page 3.

Bush Aides, Growing Wary, Question Yeltsin's Actions and Intentions

By Andrew Rosenthal
New York Times Service

KENNEBUNKPORT, Maine — The Bush administration has grown increasingly ambivalent about Boris N. Yeltsin in the two weeks since the Kremlin coup, questioning some of his actions and intentions and starting to criticize him in private as a "demagogue."

President George Bush and his aides have been careful not to criticize Mr. Yeltsin publicly, both out of a desire to maintain diplomatic protocol and because they view him as a powerful figure with whom they will almost certainly have to deal in the future.

The United States also has moved to tighten its relations with Mr. Yeltsin, treating him at times almost as if he were the head of a sovereign state. But it is apparent from public statements and private assessments that senior officials in the Bush administration are mistrustful of the flamboyant Mr. Yeltsin, whose handling of President Mikhail S. Gorbachev annoyed Mr. Bush and violated his strict rules about how world leaders should be treated.

Mr. Yeltsin's swift moves to consolidate his power in the volatile days since the failure of the coup also have alarmed U.S. officials.

During an interview on Saturday with the CNN television network, Mr. Bush's national security adviser, Brent Scowcroft, was asked if Mr. Yeltsin was a democrat and offered this markedly restrained answer: "He has been democratically elected. He certainly espouses democracy. He has used the — worked with the Russian Supreme Soviet. You know, how he will turn out, I think it's hard to say."

At the same time, Mr. Bush has been trying to do what he can to steady Mr. Gorbachev, out of a sense of personal loyalty, out of a desire to see the changes in the Soviet Union conducted in an orderly and peaceful fashion, and because Washington has not yet counted him out.

"We're just not sure who we're better off with," one official said, adding, "Gorbachev has been a winner for the past five years but he has not always done the right thing. On the other hand, we have very serious questions about Yeltsin. It's obvious that the president, at least for now, would much rather do business with Gorbachev."

While Washington watches Mr. Gorbachev and Mr. Yeltsin, they are clearly playing to the American audience in a manner that would have been as unthinkable just a few weeks ago. This was evidenced by Mr. Gorbachev's appearance Sunday on CNN and a scheduled appearance by both men on ABC television on Monday.

Washington's confused feelings about Mr. Yeltsin, an on-again-off-again affair since his first diplomatically disastrous visit to Washington in 1989, are emblematic of the way the U.S. government is groping for a new relationship with all of the Soviet republics.

Mr. Bush's concerns about not undermining Mr. Gorbachev and the administration's preference that some kind of federation emerge from the Soviet upheaval have been behind the delay in giving the Baltics formal recognition.

That move is now planned for Monday morning, administration officials said. But the United States is still uncertain how to handle the independence movements in the other Soviet republics. Mr. Bush had hoped that before he moved on his own to recognize Latvia, Lithuania and Estonia, the Soviet parliament would grant Baltic independence and establish some process for other republics to secede.

The administration's response to Mr. Yeltsin is typical of the way Mr. Bush does business. He is never comfortable with another leader until he establishes a rapport — walking with President François Mitterrand near his vacation home in Maine, taking President Hosni Mubarak of Egypt to a baseball game, riding out gale-force winds with Mr. Gorbachev off Malta.

With Mr. Yeltsin, that process is incomplete. Mr. Bush and his aides spoke derisively of Mr. Yeltsin in 1989, when he came to Washington and demanded an audience with Mr. Bush that the president denied. The relationship grew considerably warmer when Mr. Yeltsin returned this year as the elected president of the Russian Republic, to whom Mr. Bush felt comfortable extending White House honors.

Then, officials said, Mr. Bush watched in astonishment and admiration as Mr. Yeltsin hurled defiance at the Kremlin putsch from the top of a Russian tank. For two days, Mr. Bush dealt with Mr. Yeltsin as though he were the leader of the Soviet Union and spoke of him in admiring terms.

The administration still credits Mr. Yeltsin with saving the Soviet constitu-

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Kiosk

Soviets Offer Arms Pledge

WASHINGTON (IHT) — Senator Sam Nunn said Sunday that he had received personal assurances from the Soviet defense minister that Soviet nuclear weapons would remain under "central control."

Mr. Nunn, Democrat of Georgia and chairman of the Armed Services Committee, met in Moscow with Defense Minister Yevgeni I. Shaposhnikov and other Soviet officials, including members of President Mikhail S. Gorbachev's new team of economic advisers and leaders of the Russian parliament.

Mr. Nunn, who was invited to Moscow on short notice, did not define his meaning of "central control," but he made it clear in a U.S. television interview that he did not see the 27,000 strategic nuclear weapons in the Soviet Union as an immediate threat to the West.

"Whatever happens politically, they expect central control of their nuclear weapons," the senator said.

General News

Hong Kong is shrugging off the China visit by Prime Minister John Major. Page 4.

The sculptor Jean Tinguely is dead at 66. Page 5.

Business/Finance

Australia took over a troubled state bank. Page 7.

Crossword Page 4.

Go Chai Hun/Reuters

Singapore Leader Warns of Changes

Prime Minister Goh Chok Tong of Singapore claiming victory in elections at a news conference Sunday. But noting his party had not won the resounding endorsement he had sought, he warned that "life cannot go on as before." Opponents fear a return to more authoritarian measures. Page 4.

Gorbachev Appeals To Major for Help

By Craig R. Whitney
New York Times Service

MOSCOW — President Mikhail S. Gorbachev on Sunday appealed to Prime Minister John Major of Britain, representing the seven leading industrial democracies, for economic help for his crumbling Soviet superstate.

"Now is the time for the West to support us," the Soviet president told Mr. Major during the British leader's brief visit to try to chart a course for Western economic diplomacy as power continued to flow to the Soviet republics, eager for independence from Moscow.

The Russian Republic's president, Boris N. Yeltsin, who has emerged from last month's failed coup as the rallying figure for reform, told the British leader that the attempted coup had made a more enthusiastic reformer out of Mr. Gorbachev.

"I got the clear impression today," Mr. Major said, "that they are both aware of the need to work with one another for the Soviet Union."

Mr. Major's visit was designed in part to recommend to the United States and the rest of the Group of Seven whether to move faster to support Soviet democracy with economic aid than the major industrialized nations thought wise when they met with Mr. Gorbachev in July. But the upshot of the trip seemed to be a finding that the time was still not right for vast infusions of Western money.

While it was clear that the Soviet people had chosen the path of freedom, Mr. Major said, it was not so clear how they intended to head toward a market economy — together as one country, or separately.

Mr. Major said Sunday night that he had urged Mr. Gorbachev and Mr. Yeltsin to name an individual or a group to work with the International Monetary Fund, to begin benefiting from its advice on how to transform the Soviet econo-

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Gennadi Golper in/Reuters

Mr. Gorbachev, left, greeting Mr. Major on Sunday in Moscow.

Once-Mighty Army in Battle for Survival

By Fred Hiatt
Washington Post Service

TULA, U.S.S.R. — In a rainy, rolling field at this military camp south of Moscow, littered with jagged brick walls and roofless sheds that are charred and pockmarked from years of army target practice, a tattered, once-red sign proclaimed a proud slogan of the Soviet fighting man: "In War, Shoot First, and Hit Your Target."

For 40 years, this threat has been the focus of U.S. foreign and military policy. American generals trotted up the steps of Congress to plead for money with charts of "the threat" tucked beneath their arms. Generations of soldiers maneuvered through the deserts of California and the forests of Germany against a mythic enemy force called simply "the Reds."

Now that mighty enemy — the armed forces of the Soviet Union — with 4 million troops, 7,000 combat aircraft and more than 350 submarines — is struggling simply to hold together.

At the headquarters of an elite paratroop regiment in this provincial capital 200 kilometers (125 miles) south of Moscow, where Peter the Great founded the Russian empire's first gun factory nearly three centuries ago, the officers said they were determined to maintain their professional spirit.

But they were puzzled and demoralized by the changes around them, and uncertain about who would be giving orders in the future.

"We are not interested in being a superpower, and we don't think about that anymore," said Colonel Oleg Bastanov, sitting straight-backed in a musty, high-ceilinged room in the

See ARMY, Page 3

A Subway Motorman's Day of Drinking and His Fatal Night Run in New York

By Robert D. McFadden
New York Times Service

NEW YORK — He began drinking in the early morning when he got home from work, just a few sunrise beers to unwind after a long night hurtling through the dark subway tunnels.

But by early afternoon, investigators said, he had switched to scotch and he drank until after 3 P.M., when he went to bed.

It was sweltering in New York that day, last Tuesday, and Robert E. Ray slept through the worst of the heat, rising at 10:30 P.M. to prepare for his final graveyard shift of the week, eight hours in the dead of night at the controls of a train roaring up and down the Bronx, Manhattan's East Side and Brooklyn.

Then, investigators said, Mr. Ray, 38, deeply troubled by family and alcohol problems, had a couple more quick drinks.

It was thus after 11 P.M. — Mr. Ray was late — when he finally left the apartment he shares with his fiancée and, as was his habit, caught a taxi to the IRT's northern terminal, Woodlawn station in the Bronx.

Within an hour, Mr. Ray's train — after a nightmarish ride downtown with overshot platforms, abrupt stops and other lurchings — jumped the tracks at breakneck speed, plowed into walls and support columns and lay in a tangle of crushed and twisted metal in a smoking tunnel near Union Square in Manhattan.

Five riders had been killed and 200 injured, and subway and surface traffic would be snarled for a week in the worst subway accident in New York in 63 years.

Mr. Ray has been charged with five counts of manslaughter and accused of being drunk during the accident. Tests 13 hours later showed 0.21 percent of alcohol in his blood, twice the legal limit for drunkenness; so high, in fact, as to suggest chronic alcohol abuse, experts say.

But Mr. Ray's lawyer, Michael Parson, has insisted that his client is innocent and that any alcohol in his blood was the result of drinking after, not before, the accident.

Mr. Ray was due for work at 11:15 P.M., but arrived 15 minutes late, carrying his tools for operating a Lexington Avenue No. 4 express, which travels between Woodlawn and Brooklyn.

The tools included a reverser key, resembling a two-pronged fork, that is used to power up and move the train forward or back; a long key to open train doors; a brake handle, and another key to uncouple cars.

Before taking a train out, motormen are required to report to a dispatcher and sign an attendance sheet. The dispatcher is required to observe the operator to ensure that he or she is fit for duty. Bloodshot eyes, impaired speech, signs of drug or alcohol use are among the grounds for the dispatcher to remove an operator as unfit for duty.

The dispatcher on duty at Woodlawn that night, identified by transit officials as Percival Hossack, took no action against Mr. Ray.

Several of Mr. Ray's fellow motormen said it was common knowledge in their group that he drank on the job. "I've seen him drinking before going on duty before, and I've smelled liquor on his breath," said one motorman, who spoke on the condition that he not be identified.

Mr. Ray's 10-car train was scheduled to depart at 11:32 P.M., but was late pulling out. Some passengers were waiting on the platform, and so was David Beerram, the conductor, and Steve Darden, an off-duty conductor.

Mr. Ray arrived and got into the cab. He put his reverse key into a slot on the control panel and pushed it forward; the train powered up and the lights came on. Mr. Ray put his brake handle into position, charged up the pressure and tested it.

At the first stop, Mr. Ray overshot the station and halted with the first five cars beyond the platform and into the tunnel, forcing passengers to scramble for doors in the rear and exposing riders in the front to gaping abysses in every doorway.

"Hey, what happened?" Mr. Beerram, the conductor, asked the motorman over the train's public-address system, riders recalled. "What's going on?" There was no coherent reply.

At the next stop Mr. Ray overshot the station platform again, this time by one car.

And again. Mr. Beerram spoke to the motor-

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COMMUNISM'S COLLAPSE: What issues will consume liberals and conservatives in the future?

Yeltsin Adviser Urges West to Deal Directly With Republics

Galina Starovoitova, a member of both the Soviet and the Russian parliaments and an adviser to the Russian Republic president, Boris N. Yeltsin, on interethnic relations, discussed the situation in her homeland with Barry James of the International Herald Tribune.

Q. Should Western governments and companies be dealing with the central government or republican governments on trade and aid issues?

A. We are at the beginning of a really difficult transitional period. Our revolution has only just begun after six years of waiting and halfway measures. We need foreign aid, but it should not been given just to Mikhail Gorbachev, because this would only perpetuate the agony of the old regime. Aid should be given where it is needed, directly to the governments of the republics. They know their needs best and can distribute aid in the most effective way.

Q. So how should Western governments and business go about establishing contact with the new Soviet reality?

A. The best way is to recognize the sovereignty or the independence of the republics and to deal with their legally elected leaders. The central government should be informed out of politeness, but nothing more than that.

Q. What do you say about those who have expressed concern about the rising strength of the Russian Republic?

A. It is natural that the republics are concerned about the imposing Russian power because of the tradition of Russian great-power chauvinism. But now Russia has recognized the independence and sovereignty of its partners in other republics. We don't want to revive the old big brother stereotype.

MONDAY Q&A

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Q. Will the Russian Republic be willing to assume all arms control treaties?

A. The Ukrainians refuse to have nuclear weapons on their territory after the Chernobyl tragedy. Kazakhstan, which has a bomb testing facility, also refuses to have them. Only Russia and Byelorussia have missiles, and it is a very heavy responsibility. We didn't want these weapons, but circumstances oblige us to assume the responsibility. We have to be political realists. If the Soviet empire is broken up, then the international agreements can be renegotiated and re-signed with the Russian Republic.

Q. Would you say these weapons are in safe hands?

A. I hope so, because we are concerned no less than the West about them.

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Q. Do you foresee nationalist conflicts erupting within the Russian Republic itself?

A. It is one of the sharper problems we face. Some of the autonomous republics, such as that of the Tatars, want to become independent and sign the union treaty on an equal basis with the Russian Republic. Some of the territories seem to have supported the coup plotters.

You know, this process is like opening up a Matrioshka doll. First you had the breaking away of the countries of Eastern Europe. Then the westernmost republics — Georgia, Armenia, Moldavia, the Baltic states and now the Ukraine — want to go their own way. The next stage is for the autonomous republics to be more sovereign inside Russia itself.

Q. Will they be allowed to do so?

A. The genesis of the Russian Republic was very different from that of the Soviet Union. It was created by constitutional means because the majority of the Russian autonomous regions did not have any status or institutions of their own before 1917. Nevertheless, being democratic, the Russian government cannot refuse to allow the people of Russia their right to self-determination.

It will be a very difficult task both to keep Russia with its 1,000 years of history together, and to satisfy the demands of the people for self-determination. It will be done through negotiation, and I hope the republics inside Russia will understand that it is more profitable for them to remain.

Q. Is there a future for a central government or for Mr. Gorbachev?

A. The central government is becoming more and more decorative, and I think text books in the future will describe Mr. Gorbachev as the Soviet Union's last president. He already occupies his place in history. I think his future role will be something like that of the British queen.

The only political reality is the existence of the republics. We are the world's last empire and we are obliged to share the fate of our great predecessors such as the British and the Ottoman empires. I think some sort of confederation will remain, perhaps along the lines of the British Commonwealth. Our main challenge is to achieve it without bloodshed.

Q. Once the Western republics with their Christian and European heritage leave the union, does this not mean that Russia is going to become more oriented toward Asia?

A. Russia is one of two countries, with Turkey, which is situated both in Europe and Asia. Throughout our history these two tendencies have been in conflict. We have had great men oriented toward Europe such as Peter the Great, Pushkin and Sakharov. We have had those, like Solzhenitsyn, oriented toward Russian isolationism and interior values.

The new boundaries of the union are oriented toward Asia, but the mentality of the Russian people is European, and Russia wants to be a member of the European common house. The new union treaty may present some obstacles toward that desire. But remember that we were born as a nation in Europe, near Kiev, not in Asia.

In Major Republics, Leaders Scramble For New Identities

By Francis X. Clines
New York Times Service

MOSCOW — The Soviet political storm has a centrifugal pattern that seems driven as much by the needs of the republics' leaders and their separate Communist Party machines as by nationwide disgust with the old Kremlin monolith.

As the major republics proclaim independence and vow to pull away from the central Soviet system, insurgent leaders like Moscow's mayor, Gavriil K. Popov, are voicing suspicions that there is far too much opportunity in the current breakdown for communist apparatchiks to stay in place by switching to some new libertarian label out in the provinces, where the party has long been the basic institution.

NEWS ANALYSIS

In the current confusion about whether and how to design a new national political system — be it federation, commonwealth or something vaguer — the leaders of the major republics are indeed trying to survive in their home precincts, astride reliable organizations manned by loyal patronage networks, whatever they may be called.

Chief among these is the Ukrainian leader, Leonid M. Kravchuk, who is facing a presidential election Dec. 1 and a potential new lease on power as the leading former Communist survivor in what could be a powerful independent republic.

Ranking with him is Nursultan A. Nazarbayev, the Kazakhstan leader who, while not making an independence proclamation, took care to have his republic's Communist Party break away from the national party as the latter became the chief target of condemnations and bannings.

The two leaders run the major republics flanking the keystone Russian Republic. All three would be required as the nucleus of whatever new nationwide political system might be attempted. At the least, they need each other economically as the political miasma continues.

This is the reason that Boris N. Yeltsin, president of the Russian Republic, has reached out to both his neighbors with a proposal to find new ways to build mutual trust beyond the collapsing union. When republics began proclaiming independence, Mr. Yeltsin compounded the general anxiety by warning that he would raise the potentially explosive issue of readjusting borders if any of his neighbors wanted to secede.

In trying to repair the political damage from this hasty broadside, which critics characterized as Czarist and bullying, Mr. Yeltsin sent representatives to apologize to his neighbors.

More important, he proposed that Russia, the Ukraine and Kazakhstan, and other republics that might be interested, find fresh trust for some new association by agreeing to emphasize their economic ties and improve them through free-market pioneering.

This is the only germ of an idea for a new national system that republic leaders have been discussing as they join in the general lambasting of the Communist Party, which brought most of them to power in the first place.

Ordinary citizens are delighting in measuring the relative times the three republic leaders chose to leap from the Communist ship. Mr. Yeltsin is the preeminent populist apostate, having left more than a year ago. The others left only in recent days.

But the one politician who dares not relish Mr. Yeltsin's relative purity is Mr. Yeltsin, for he needs his neighbors if some new approach at national reconstruction is to be attempted.

More basically, he has to protect vital economic ties that are being carefully itemized lately in public remarks by Mr. Kravchuk, who notes, for example, that the Ukraine needs Russian oil in the same way Russia needs Ukrainian grain.

The concrete truth of this interdependence is what prevents Mr. Yeltsin from skewering, as he might like, the credentials of Mr. Kravchuk and other leaders of the major republics now attempting to survive their past lives in the Communist hierarchy.

As leader of Russia, the largest republic with the largest needs, Mr. Yeltsin has to look beyond the many hypocrisies and ironies of the political storm if its threat to Soviet life is ever to be eased.

AIR Keplics/The Associated Press

Families of seven Lithuanian customs officers killed July 31 by unknown attackers grieving at a weekend memorial service.

With Communism Dying, What's Left?

By Richard Bernstein
New York Times Service

NEW YORK — When communism died its formal death in Moscow, it seemed as if there was a corresponding death knell in the United States and Western Europe.

Dead also, or, at least, considerably faded, was the issue that has produced the fiercest arguments and the sharpest conflicts among intellectuals in more than 70 years — arguments about Marxism-Leninism and social revolution, about the nature of the Soviet Union and about the existence of communism as a major ideological force in a bipolar world.

And so, the question is: If the debate about communism is most likely to lose its force, what issues will consume left and right, liberals and conservatives, in the future?

Interviews with scholars and political analysts indicate that the new splits will not be about such grand questions as the way to organize society.

The new debate is already showing signs of focusing individually on smaller, more personal, domestic issues like poverty, crime, race, health care, abortion, multiculturalism and the role of government in subsidizing the arts.

"What we're looking at now is the end of utopianism and the all-encompassing model to explain human society," said R. Bruce McColm, the executive director of Freedom House, a New York-based human rights organization.

"You have a collapse of ideologies, so there is no rigid orthodoxy that one has to espouse, or risk being ejected from an entire subculture if one does not espouse it," he said. "So, I think the freeing up of the intellectual climate is going to be very beneficial."

Joseph Nye, a professor at the Kennedy School of Government at Harvard University, put it slightly differently.

"We had a bipolar world, and we had a bipolar intellectual debate," he said. "The fact that there was a clear and present danger from an ideological enemy with enormous power had the effect of polarizing the domestic debate."

Some might feel that the "end of history" heralded by the writer Francis Fukuyama a couple of years ago, when he was a policy planner in the State Department, has actually arrived. With the triumph of the Western liberal idea, Mr. Fukuyama said, there will be no room for any meaningful evolution of the human spirit.

Mr. Nye disagreed.

"Even though there's now no equivalent to American power and no real alternative to liberal democratic ideology, there's going to be a diffusion of power and ideas," he said. "In this sense, it's not the end of history but a return of history."

Without the focus on the bipolar world, he said, there is going to be more attention to the relationships among hundreds of nations and ethnic groups.

"That's going to raise a whole new set of questions," Mr. Nye said, "questions about identity, multiculturalism, what we mean by nationality and the national interest. A whole complex of issues regarding how we think about ourselves, which was locked up in the world of bipolar competition, is going to become unstuck."

Communism remains entrenched in China, the world's most populous country, as well as in Cuba, North Korea and Vietnam. But it is virtually inevitable that the disgrace and formal suspension of the Soviet Communist Party will transform the nature of future debates, since the Soviet party has been the font from which all other communist movements drew their original inspiration.

"For people of my generation, who grew up in the shadow of the Cold War, it's very difficult to conceive of a world that is not divided into two blocs," said Eric Foner, a professor of history at Columbia University whose specialty is the American left.

"It's true that one bloc has been disappearing for several years now, but how to conceptualize a world in which the Soviet Union does not exist as a superpower is very difficult for me," he said. "And think of students who will be entering school in a few years. For them, this division of the world will seem like ancient history."

Li Peng Pledges To Remain Firm On Communism

Reuters

HONG KONG — The prime minister of China, Li Peng, has vowed to uphold communism despite the upheaval in the Soviet Union, but he also said he wants to maintain good relations with Moscow.

"China's basic attitude is no matter how the U.S.S.R. has changed and how the international atmosphere has changed, China will firmly follow the path of socialism with Chinese characteristics," he told the Hong Kong television station TVB.

Mr. Li said he wanted to build on good relations with Moscow, bolstered when President Mikhail S. Gorbachev ended a freeze in Chinese-Soviet ties by visiting Beijing at the height of the democracy protests in the spring of 1989.

"Since 1989, China and the U.S.S.R. have normalized their relations," Mr. Li said. "Bilateral relations have developed steadily. We want to continue with this steady development. Basically it benefits the peoples of both countries."

View From the Food Line: Nothing Has Changed

By Margaret Shapiro
Washington Post Service

MOSCOW — Tatiana Shelepina did not have time to watch her leaders debate their troubled country's future. She was waiting in yet another line, this time for a handful of gray, fatty sausages.

Standing in a drizzle on a trash-strewn sidewalk outside a grimy, desolate department store, the 29-year-old laundry worker expressed happiness at the triumph of democracy over last month's failed coup by Communist hard-liners.

But she said she was far from convinced that life — her daily battle to provide even the bare necessities for her two children — was going to change all that much.

"I hope things will get better, but I really don't know if they will," she said. Others around her nodded in agreement as they shuffled a few steps toward the dusty window where the sausages were being sold. "The same problems are everywhere. Even children's shoes we can't find."

In political circles here and abroad, there is an excited sense that profound change is sweeping the Soviet Union following the botched coup — that a "new country," as President Mikhail S. Gorbachev put it after he was restored to power, is rushing toward political and economic changes.

But for ordinary Russians the events of the last two weeks are less conclusive. Change has been promised before, but store shelves have remained bare, housing impossibly tight, working conditions awful.

Yet, there is also a sense that there is no further to fall and that some of the changes, such as banning the Communist Party, have been so significant that this time things may be different.

"It won't happen soon because we've been too ruined," said Irina Niklyudova, 22, an economics student at Moscow State University. "But in time, the economy will rise up. We're not talking about one year or even 500 days, but it will be a strong economy."

Across the country and especially in Moscow, ordinary people followed the coup intently, listening to shortwave radio broadcasts by the BBC or Voice of America, as in the days before *glasnost*, or openness, freed the Soviet media.

People continue to emotionally debate the coup and its aftermath. But in the days since the tanks rumbled out of Moscow, many here have again turned their attention to the basic problems of food, work and survival.

Factories continue to be places where people do as little work as possible and earn less than they need.

At home, married children share cramped quarters with parents, and every morning whole families jostle grumpily with other, equally ill-tempered families for communal toilets and stoves. Sometimes they wake to find no electricity or no hot water.

Commutes are likely to be 90-minute odysseys across this gray, polluted city, at the mercy of buses that may or may not arrive.

Moreover, life for most Muscovites consists of one indignity after another — of rude clerks, empty stores and overcrowded trolleys, of waiting 15 years for a telephone and then receiving one only after buying opera tickets for the local telephone company director.

Rubles are practically worthless, and a pair of children's winter boots often can be obtained only by bartering something equally valuable and rare.

Bribes or connections are an essential part of daily life — to secure admission to elementary school for one's child, to make sure the day-care worker feeds one's toddler, to persuade the nurse to change the bedpan of a hospitalized elderly relative.

Graham Allison, a Harvard University professor who has been working with Soviet economists on a plan to overhaul the economy, recalled finding toilet paper rolls stacked across an entire wall of a friend's small Moscow apartment. "A lifetime supply," the friend explained, adding that he also trades the rolls for food and necessities.

"There's more initiative and imagination exhibited by the normal Muscovite, just for survival, than in any American city, except maybe New York," Mr. Allison said. "For the old and helpless, the situation is horrible."

In the sausage line, a 75-year-old pensioner recalled with nostalgia the pregiasnost days under the former Soviet leader Leonid I. Brezhnev, whose nearly two-decade rule has become known as the "era of stagnation."

"Under Brezhnev it was better," she said. "There was food in the stores."

Vexed, Moldavia Awaits Some Nods of Recognition

By Brenda Fowler
New York Times Service

KISHINEV, U.S.S.R. — In the week since its declaration of independence from the Soviet Union, the Moldavian Republic has become a little annoyed with the world's failure to recognize it.

After all, its residents ask, were they not, like the newly recognized Baltic states, annexed by Stalin under the secret protocol of the Molotov-Ribbentrop pact?

So far, only Romania, which ruled this territory from 1918 to 1940, has recognized its independence. Last week, while Moscow was trying to collect itself after the failed coup attempt, Soviet Moldavia and Romania were moving quickly to cement a relationship renewed two years ago.

A leader of the anti-communist Moldavian Popular Front, Yuri Rosca, said: "After the declaration of independence, we are entering a new phase here, the phase of reunification with Romania, to create once again the so-called Great Romania within its historical borders."

In an effort to impose a firm distinction between Moldavians living here and those in Romania, the Soviet authorities barred contacts across the Prut River, which forms the border between Soviet Moldavia and the Moldavian heartland, with its capital at the Romanian city of Iasi.

While no one here predicts immediate reunification with Romania, officials said it was as inevitable as the reunification of the Germanys.

Their claim is based on the long and convoluted tug-of-war over this region, traditionally known as Bessarabia. As far back as the 14th century, Bessarabia was under the control of Moldavia, a Romanian-speaking principality.

Through all the political changes, the Romanian language and culture implanted in Bessarabia by the Moldavian princes have remained. Today ethnic Romanians make up 64 percent of the population.

Romania and Moldavia have signed an agreement that will allow their citizens free travel across the Prut for the first time since World War II. Romania has also pledged economic aid for Moldavia.

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WORLD BRIEFS

Turkish Rebels Kidnap 5 Foreigners

ANKARA (Combined Dispatches) — Security forces using helicopters searched a wide area Sunday in the eastern Turkish mountains for five foreigners who were kidnapped by Kurdish separatists, officials said.

They said the five, three Americans, an Australian and a Briton, were abducted Friday from two minibuses on a road near Bingol, 690 kilometers (430 miles) east of Ankara.

The kidnapping was the second in a month in which Turkish separatists seized foreigners. On Aug. 2, they abducted 10 German tourists but released them unharmed a week later. *(UPI, Reuters)*

Warsaw Plans to Seek Wider Powers

WARSAW (Reuters) — The Solidarity-led government prepared Sunday to demand new powers to speed up legislation after accusing parliament of delaying bills and crippling its ability to make decisions.

The government survived a key test Saturday when parliament declined to accept its resignation after former Communists in the legislature moved that it be dismissed. The vote strengthened the government of Prime Minister Jan Krzysztof Bielecki and eased a three-day standoff that had threatened Poland with its worst political crisis since the overthrow of communism in 1989.

It removed the prospect of a period of weak government and political instability in the run-up to the country's first fully free postwar parliamentary elections, set for Oct. 27. Mr. Bielecki said the government would follow up its victory by asking parliament to approve measures giving it greater effectiveness; top officials indicated he might seek special powers to issue decrees.

Bhutto Confirms N-Bomb Capacity

ISLAMABAD, Pakistan (UPI) — Benazir Bhutto, the former prime minister, has confirmed long-held suspicions in the West that Pakistan is capable of building a nuclear weapon.

"Pakistan has the information and the capability to build a nuclear bomb in the event of a threat from India," she told reporters this weekend. "But there is no need for us to cross that line."

Pakistan has maintained that its nuclear facilities are for peaceful purposes only. But it has been widely suspected of developing nuclear weapons to compete with India, which exploded a nuclear device in 1974. The two countries have fought three wars since 1948.

Thousands Flee Pinatubo Mudflows

ANGELES, Philippines (Reuters) — Thousands of people fled on Sunday as steaming volcanic mudflows up to 6 meters (20 feet) high swept through villages near Mount Pinatubo. One man drowned in the village of Sapang Bato, near Angeles, when he was swept into a river by the torrent of mud and rocks, the police said. Seven people were reported missing, including four who fell into rivers.

Ash from the volcano fell on Angeles for three hours, blanketing the city under a thick sulphuric cloud, residents said. The mudflows knocked out electric power and covered streets. Portions of Clark Air Base, abandoned by the United States after Mount Pinatubo first erupted in June, were also mired in mud, a relief official said.

The police fired warning shots in the air, church bells rang and people fled as tons of ash and volcanic debris deposited on Pinatubo's slopes and loosened by heavy monsoon rains cascaded down river channels.

Lebanon and Syria Sign Defense Pact

BEIRUT (Reuters) — Lebanon and Syria signed a security pact Sunday, and Syria's defense minister said it gave Damascus the right to fight any Israeli attack on Lebanon.

The agreement was signed by Defense Minister Michel Murr of Lebanon, Interior Minister Sami Khatib of Lebanon and their Syrian counterparts, Lieutenant General Mustafa Tlas and Mohammed Harba.

"This agreement gives us the right to prevent any military action against Lebanon even if it is done by Israel, and it gives Lebanon the same right," General Tlas said. He said the pact would prevent anyone in Syria from plotting against Lebanon and vice versa. The agreement has to be passed by the parliaments of each country before taking effect.

TRAVEL UPDATE

Delta Adds to Shuttle Mileage Credits

NEW YORK (NYT) — Delta Air Lines Inc., which takes over Pan American World Airway's hourly shuttle service from La Guardia Airport in New York to Boston and Washington this week, announced that members of its frequent-flier program who take the shuttle would earn double mileage credits — 2,000 miles a flight — through Oct. 1. Customers will receive an additional 1,000 miles for round-trips made in one day.

Delta acquired the shuttle along with other routes and assets that were being sold as part of Pan Am's bankruptcy proceedings. Ronald W. Allen, Delta's chairman, said the airline planned to begin service Nov. 1 to 23 cities in Europe, India and the Middle East on Pan Am routes.

Iran hopes to lure back tourists, put off by a lack of suitable facilities, through a recent decision by parliament to increase the number of hotel rooms to 45,000 from 33,000 by next year. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Canada, Central African Republic, Guam, Puerto Rico, United States.

TUESDAY: Monaco, Qatar, San Marino.

FRIDAY: Pakistan, Swaziland.

SATURDAY: Brazil, Mozambique. *Source: J.P. Morgan, Reuters.*

The Weather

Forecast for Tuesday through Thursday

Jetstream · Unseasonably Cold · Unseasonably Hot · Heavy Rain · Heavy Snow

North America

Monday will be fine along the Atlantic Seaboard with warming Tuesday and Wednesday. A few showers are possible from Chicago to Toronto beginning Tuesday. Houston and Dallas may still be thundery as California remains warm through midweek.

Europe

From England to Germany and Switzerland, fair weather will predominate through Wednesday. Mornings may begin foggy. Southern Scandinavia will have a few showery, windy spells. Sunshine will warm the Mediterranean region most of the time.

Asia

Late-summer warmth will predominate throughout the Far East through midweek. Singapore, Hong Kong and Manila will remain sweltering with a few showers each day. A few showers are possible in Seoul and Beijing. Tokyo will have little or no rain.

Europe

	Today High	Today Low	Wx	Tomorrow High	Tomorrow Low	Wx
Algarve	27/80	17/62	pc	28/79	17/62	pc
Amsterdam	25/77	14/57	pc	21/70	13/55	pc
Athens	33/91	22/71	s	33/91	19/66	pc
Barcelona	27/80	17/62	pc	29/84	17/62	s
Belgrade	28/82	18/64	s	28/82	16/61	s
Berlin	27/80	14/57	s	24/75	12/53	pc
Brussels	24/75	14/57	pc	21/70	13/55	pc
Budapest	27/80	16/61	s	27/80	14/57	s
Copenhagen	21/70	12/53	pc	18/64	11/52	sh
Costa Del Sol	32/89	22/71	s	32/89	20/68	pc
Dublin	18/64	11/52	pc	21/70	11/52	pc
Edinburgh	19/66	12/53	c	17/62	9/48	pc
Florence	31/88	19/66	s	29/84	19/66	pc
Frankfurt	28/82	17/62	pc	24/75	16/61	pc
Geneva	27/80	17/62	s	26/79	14/57	s
Helsinki	22/71	12/53	pc	23/73	12/53	pc
Las Palmas	28/84	21/70	pc	28/82	18/64	pc
Leningrad	22/71	13/55	pc	23/73	12/53	pc
Lisbon	25/77	17/62	pc	24/75	16/61	pc
London	21/70	12/53	pc	21/70	11/52	s
Madrid	29/84	16/61	pc	28/82	16/61	t
Milan	28/82	17/62	s	27/80	18/61	pc
Moscow	23/73	10/50	pc	21/70	8/46	s
Munich	27/80	14/57	pc	28/82	13/55	pc
Nice	28/82	17/62	s	27/80	18/61	s
Oslo	22/71	14/57	pc	18/64	13/55	sh
Paris	24/75	13/55	pc	23/73	11/52	s
Prague	27/80	13/55	s	27/80	12/53	pc
Reykjavik	13/55	6/43	sh	13/55	6/43	pc
Rome	31/88	18/64	s	30/86	19/66	pc
Stockholm	23/73	13/55	pc	16/61	12/53	pc
Strasbourg	24/75	14/57	pc	23/73	12/53	pc
Tallinn	23/73	12/53	pc	23/73	12/53	pc
Venice	28/84	18/64	s	31/88	18/64	pc
Vienna	25/77	14/57	s	26/79	13/55	s
Warsaw	27/80	14/57	pc	26/79	11/52	s
Zurich	27/80	13/55	s	24/75	12/53	pc

Asia

	Today High	Today Low	Wx	Tomorrow High	Tomorrow Low	Wx
Bangkok	32/89	23/73	pc	33/91	23/73	pc
Beijing	29/84	18/64	pc	28/82	18/64	pc
Hong Kong	29/84	23/73	pc	29/84	23/73	pc
Manila	34/93	24/75	t	33/91	24/75	pc
New Delhi	33/91	24/75	sh	33/91	24/75	sh
Seoul	28/82	16/61	pc	29/84	18/64	pc
Shanghai	27/80	25/77	pc	29/84	18/64	pc
Singapore	31/88	27/80	t	29/84	25/77	pc
Taipei	31/88	24/75	pc	32/89	24/75	pc
Tokyo	31/88	23/73	sh	31/88	23/73	pc

Africa

Algiers	34/93	22/71	s	36/97	24/75	s
Cape Town	16/61	4/39	pc	17/62	4/39	pc
Casablanca	31/88	24/75	s	31/88	24/75	s
Harare	26/79	3/37	s	27/80	24/75	s
Lagos	29/84	24/75	pc	30/86	24/75	pc
Nairobi	23/73	13/55	pc	24/75	13/55	pc
Tunis	32/89	22/71	s	32/89	22/71	s

Latin America

Buenos Aires	14/57	6/43	t	12/55	6/43	sh
Caracas	32/89	24/75	pc	32/89	24/75	t
Lima	17/62	12/53	pc	16/61	12/53	pc
Mexico City	25/77	15/59	t	25/77	15/59	t
Rio de Janeiro	22/71	18/64	pc	22/71	18/64	pc
Santiago	16/61	4/39	pc	16/61	4/39	pc

North America

Anchorage	16/61	8/46	sh	14/57	9/48	pc
Atlanta	28/82	18/64	t	29/84	21/70	t
Boston	29/84	13/55	s	26/79	15/59	s
Chicago	27/80	16/61	s	29/84	16/61	pc
Denver	31/88	14/57	t	28/82	13/55	t
Detroit	26/79	14/57	s	28/82	17/62	pc
Honolulu	31/88	23/73	pc	31/88	23/73	pc
Houston	32/89	23/73	t	32/89	22/71	t
Los Angeles	29/84	19/66	s	29/84	18/64	s
Miami	32/89	28/79	t	32/89	26/79	t
Minneapolis	27/80	18/64	s	29/84	16/61	t
Montreal	21/70	10/50	s	25/77	13/55	s
Nassau	32/89	24/75	t	31/88	24/75	pc
New York	29/84	16/61	s	25/77	19/66	s
Phoenix	41/106	29/84	pc	41/106	28/82	s
San Fran.	24/75	14/57	pc	23/73	14/57	pc
Seattle	24/75	12/53	s	27/80	13/55	s
Toronto	23/73	12/53	s	25/77	13/55	s
Washington	26/79	14/57	s	28/82	19/66	s

Middle East

Ankara	26/79	11/52	pc	26/79	10/50	t
Beirut	33/91	21/70	s	33/91	21/70	s
Cairo	33/91	22/71	s	33/91	22/71	s
Damascus	34/93	18/64	s	36/97	18/64	s
Istanbul	24/75	13/55	pc	23/73	12/53	sh
Jerusalem	29/84	18/64	s	29/84	18/64	s
Riyadh	42/107	28/82	s	42/107	28/82	s

Oceania

Auckland	14/57	7/44	sh	14/57	7/44	sh
Sydney	23/73	12/53	s	22/71	12/53	s

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, f-ice.

All maps, forecasts and data by AccuWeather, Inc. ©1991

هكذا من الأصل

COMMUNISM'S COLLAPSE: The White House finds the new world order gets newer every day

Czarek Sokolowski/The Associated Press

President Vytautas Landsbergis of Lithuania at an independence demonstration on Sunday in Vilnius, asking one of the republic's younger partisans if the bouquet of flowers was meant for him.

For Bush, Soviet Events Outpace Foreign Policy

By Andrew Rosenthal
New York Times Service

NEWS ANALYSIS

KENNEBUNKPORT, Maine — Just when the United States had adjusted to the idea that the Kremlin had turned from implacable enemy to benign adversary, the breathtaking events in the Soviet Union have forced it to confront the possibility that soon there may be no adversary there at all.

The sudden prospect that the Soviet Union will cease to exist in its current form has implications that go far beyond Soviet-American relations, and the Soviet upheaval has already forced the Bush administration to begin re-examining its fundamental policy goals.

For 45 years, the Soviet Union has been the lens through which American foreign policy around the world and American military thinking, especially nuclear strategy, have been focused.

The threat of communism has been at the heart of virtually every crisis the United States has faced since World War II.

Fear of communism and the Kremlin has touched almost every aspect of American life — literature, theater, the movies, television, the universities, main street.

Always painted in menacing shadows, the Kremlin has been a powerful and at times distorting influence on domestic politics since the Bolshevik takeover in 1917.

The effort to repel communism was the binding force of the modern conservative coalition, helping to keep Republicans in the White House, and the specter of the Soviet enemy has helped define the nation's image of itself as the defender of threatened freedoms.

The Soviet Union was the yardstick by which Americans measured their successes and their place in the world: the fear of losing the space race and falling behind in science when Sputnik soared into orbit in 1957, for example, or the national jubilation as the Berlin Wall fell in 1989, and now for many a sense that the American-led stand against communism and the Soviet Union has succeeded beyond anyone's expectations.

When President George Bush offered his "new world order" a year ago to explain why the nation had to face war with Iraq, he grounded his vision on the assumption that there would continue to be a Soviet Union — much like the one that had existed since 1917, just friendlier and less of a military threat.

Last week, Mr. Bush seemed to acknowledge the passing of that epoch. "Out of this change in the Soviet Union, if we handle it properly and if things keep going forward instead of slipping back, there's an opportunity for a vastly restructured national security posture," he said.

Cautious as ever, he added, "It's way too early — way too early — to get into that."

But even as he spoke, his government was in the early stages of what eventually may be a fundamental rewriting of American policy, and a new debate was quickly developing in Washington about whether to make deeper cuts in the Pentagon budget.

So far, Bush administration officials, as stunned as everyone by the events in Moscow, are focusing on short-term problems and making only modest changes in policy.

The short-term questions the administration is studying are perplexing enough: Who are the new people taking over the Soviet Union? Will Mikhail S. Gorbachev or Boris N. Yeltsin emerge as the nation's leader? Who is in control of the Soviet nuclear arsenal? How much food will the Soviet Union need this winter?

"All we can do now is to try to do everything we can think of to position ourselves to be able to move rapidly when the situation clarifies," a senior official said.

But beyond these questions are more fundamental ones, each of which may require sweeping changes in American policy. Will the central Soviet government survive, and if not, what will emerge? How will the United States do business with four or five or more governments where there is now one? What are the responsibilities of the United States as the only major power in what used to be a two-power world? Against whom is the United States now arming itself militarily and ideologically?

"We've got to begin to lay an intellectual base for U.S. involvement in the world, a rationale that people understand and support and around which you can build a consensus, as was done with containment," said Representative Lee H. Hamilton, Democrat of Indiana.

Already, the upheaval in Moscow has complicated a central aim of American foreign policy over the last two years: maintaining influence in Western Europe.

"We've been talking for some time now about how to manage the breakdown of the Cold War institutions, like NATO, without boxing us out of Europe," an administration official said. "That was hard enough with the collapse of the Warsaw Pact and it's much harder now."

The United States will be "looking to the European Community to pick up a major share of the financial burden" as Soviet republics emerge as countries, an American official said.

The Bush administration was confident before the coup that it had forestalled the demise of the North Atlantic Treaty Organization, but that debate is now rejoined. What will justify NATO's existence if there is no Soviet military from which to protect Western Europe?

Caspar W. Weinberger, the former secretary of defense, argued that the military threat was not gone as long as whatever form of country emerged retained an enormous nuclear arsenal and a large conventional military.

But Senator Richard G. Lugar, Republican of Indiana, said the United States should consider a security system that might include Poland, Hungary and even some former Soviet republics, like the Baltics, after independence.

Soviets Fear Financial Debacle

Some Talk of 1,000% Inflation as Ruble Printing Soars

Compiled by Our Staff From Dispatches

MOSCOW — Soviet state bankers and economists have said that the country is bordering on financial collapse and have predicted that inflation could soar to 1,000 percent in four months.

The independent news agency Interfax said this weekend that the warnings had been voiced at official meetings and written in memorandums to the Soviet leadership over the past few days.

The agency's report was based on an interview with Arkadi I. Volsky, a close associate of Mikhail S. Gorbachev and a member of a special committee that was set up to run the economy after last month's coup attempt by Communist hard-liners.

The Soviet central bank, known as Gosbank, sent a memorandum on Thursday to Mr. Gorbachev, "from which follows that the Soviet Union is standing on the brink of financial collapse," Interfax reported, quoting Mr. Volsky.

Unless the "toughest financial measures" were taken, the Soviet central bank's memorandum said, money in circulation would surge to 240 billion rubles ($134 billion at the commercial rate of exchange) by the year end from 136 billion in January.

Gosbank said the Soviet mint could not keep up with demand for banknotes to pay workers higher salaries, and was churning out money at four times the 1987 rate.

Separately, the head of the Supreme Soviet's budget and finances committee, Viktor Kucherenko, said, "Our finances are absolutely out of control." He was quoted by the Russian Information Agency.

Interfax also said independent experts agreed with Gosbank's economic assessment when they spoke at a Friday meeting of the special economic committee. The committee is headed by Ivan S. Silayev, the Russian prime minister.

One economist, Yevgeni Yasin, told the committee that unless urgent measures were taken in the financial sphere, inflation could reach 1,000 percent by the end of the year.

Western analysts estimate current Soviet inflation at more than 100 percent.

Rising money supply can intensify inflationary pressures in a country's economy by reducing the value of the local currency.

In order to cope with the demand for money, the government would have to print 200-ruble notes by the end of this month and 500-ruble notes by the end of the year, Interfax said. The biggest denomination is currently 100 rubles.

But Mr. Volsky said there would be no forced withdrawal of old banknotes, as there was in February when the government ordered Soviet citizens to turn in their 50-ruble notes.

Many citizens lost money in the exchange because they were not able to document the legal origin of the notes to the satisfaction of the bureaucrats who collected them.

At its Friday meeting, Mr. Volsky said, the committee decided to lift a 40 percent tax on goods that factories are allowed to export.

"Above all, the committee will concentrate on resolving the fuel problem and guaranteeing the population a supply of food and medicaments," Mr. Volsky said.

(Reuters, AFP)

Bush Is Set to Recognize the Baltics Despite Soviet Legislature's Inaction

New York Times Service

KENNEBUNKPORT, Maine — President George Bush will extend formal recognition to Latvia, Lithuania and Estonia on Monday regardless of whether the Soviet legislature acts to grant Baltic independence by then, administration officials said.

The officials said that although Mr. Bush had been withholding formal recognition of the three republics, out of deference to President Mikhail S. Gorbachev, he decided that he has given Soviet legislators enough time to act.

"We wanted to give them a respectable grace period so if we had to act on our own, nobody could complain that we did it precipitously," an official said.

The U.S. officials' comments Saturday appeared to be a clear effort to prod Soviet legislators. The Congress of People's Deputies, the popularly elected Soviet legislature, meets in Moscow on Monday.

The expected announcement from Mr. Bush will have some flavor of an anticlimax, since the president had acknowledged that it was inevitable and because many Western nations already had moved to give the Baltic republics formal recognition and establish diplomatic relations with them.

But recognizing the three republics as independent nations would still be an important step in Washington's relationship with the Soviet republics and that country's collapsing center.

The president hinted broadly that the announcement of Baltic recognition would come Monday.

On Saturday, he told reporters near his vacation home here that he had talked with President Vytautas Landsbergis of Lithuania, evidently to reassure the Lithuanians that he still strongly supported their bid for freedom.

"I said that we'd probably have something to say on Monday that would be of great interest to the people there," Mr. Bush said.

According to the Lithuanian news service, Mr. Landsbergis said Mr. Bush had told him that he would have "an important and joyous statement" to make in the next few days.

The European Community, the Scandinavian countries, Canada and other nations have recognized the Baltics since the failure of the coup in Moscow.

Mr. Bush's position has been that while he believes Baltic independence was inevitable, he preferred to wait until the Soviet Union itself acted to grant the republics their freedom before formally recognizing them and establishing diplomatic ties.

— ANDREW ROSENTHAL

■ Latvia Presses the Issue

The prime minister of Latvia, Ivars Godmanis, said Sunday that he could not understand U.S. hesitation in recognizing independence for the Baltics and urged Washington not to link its decision to that of the Soviet parliament, Reuters reported from Riga, the Latvian capital.

"I cannot understand a situation where 12 important European countries and many others see this issue clearly and the U.S. does not," Mr. Godmanis said.

Soviet Notes

■ **More top armed forces commanders** have been removed by President Mikhail S. Gorbachev, including the land forces commander, General Valentin I. Varennikov, a deputy defense minister who played a key role in detaining Mr. Gorbachev during the coup and now under under arrest. Also dismissed was General Ivan M. Tretyak, commander of air defenses and a deputy defense minister. The new commanders are Colonel General Vladimir Semyonov for land forces; Colonel General Viktor Prudnikov for air defenses; and Colonel General Pyotr Deynekin for the air force, who takes the post held by Yevgeni I. Shaposhnikov, now *defense minister.* *(Reuters)*

■ **Margaret Thatcher made a stop** in Soviet Central Asia on Sunday on her way to Japan and met with the president of the Kazakh Republic, Nursultan A. Nazarbayev. The former prime minister of Britain urged Mr. Nazarbayev to help halt the disintegration of the Soviet Union and said he was "now one of the leaders who can unite the union." *(AP)*

■ **Fireworks thundered and rock music blared** in Manezh Square over the weekend as more than 100,000 Muscovites of all ages turned out to celebrate the failure of the coup. Streets surrounding the Kremlin district were sealed off and large avenues transformed into carnivalesque pedestrian walkways. President Mikhail S. Gorbachev and Mayor Gavriil K. Popov appeared before the crowd from a balcony at City Hall. *(AFP)*

■ **The No. 2 of Georgia's Communist Party**, Sergo Rikvava, and Otar Yosseliany, editor in chief of Tskhovreba, a major Communist daily, have been arrested, sources close to their families said Sunday. The party's No. 1 in Georgia, Jimmy Mikeladze, had not been arrested since he was on vacation during the failed coup in Moscow. On Friday, 65 Communist deputies were removed from office. *(AFP)*

■ **The wife of Oleg A. Gordievsky**, the KGB chief in London and double agent who defected to the West in 1985, had tea Sunday with the wife of Prime Minister John Major at the British Embassy in Moscow. Leyla Gordievsky's meeting with Norma Major came after the KGB chief, Vadim V. Bakatin, said Friday that she would soon be able to join her husband abroad. *(AFP)*

■ **The Ukraine has banned** the Communist Party in the republic following an inquiry into its activities during the coup attempt, Tass reported Sunday. *(AFP)*

Top East German Spy Seeks to Return Home

Agence France-Presse

BONN — The former East German spymaster, Markus Wolf, has said he wants to return to Germany from the Soviet Union, where he fled following the fall of East Germany's Communist regime.

"I want to live in Germany," Mr. Wolf told the weekly Der Spiegel in an interview to be published Monday, adding, "the Moscow era has come to an end." German authorities issued an arrest warrant for Mr. Wolf in June 1989.

ARMY: *Once-Mighty Soviet Armed Force Suddenly in a Battle to Survive*

(Continued from Page 1)

headquarters, with a small picture of President Mikhail S. Gorbachev on one wall and a huge, rumpled map of the Soviet Union on another. "We just want our people to live normal, better lives."

Last week, as one chunk after another of the country spun off into a murky zone of semi-independence, many residents of what was being called "the former Soviet Union" seemed willing to let their military machine go the way of the Communist Party, now on the run after dominating life for 74 years.

Others, frightened by the dizzying pace of change since the hard-liners' coup failed, were expressing the hope that some form of union be maintained, with some kind of military force to defend it.

Whatever the outcome of the fast-moving political debate, it seems clear that the Soviet military will be transformed, with enormous consequences for U.S. policy-makers.

"Anyone with 10,000 nuclear warheads aimed at me is a superpower, and will stay a superpower," said Stephen Meyer, an expert on Soviet military affairs at Massachusetts Institute of Technology. "What it won't be is a conventional superpower, able to project its force around the world."

With the very existence of its forces under challenge, the new leadership of the Soviet military has launched a two-pronged propaganda campaign to keep those forces intact.

On the one hand, it is promising radical changes, including an easing of draft laws, a drastic reduction in size and a willingness for each republic to establish its own national guard. On the other hand, it is warning of neighboring countries that will greedily slice away at their borders if the union's 15 republics allow the military to disintegrate — and of nuclear Armageddon if central control is not maintained over the Soviet Union's 30,000 nuclear warheads.

The effectiveness of the generals' public relations efforts remained unclear last week, as events seemed to move beyond the control of any leaders.

In the aftermath of the abortive coup, the military's nuclear testing ground in Kazakhstan was permanently closed; the Communist Party, for so long the unchallenged power within the officer corps, was ordered out of the armed forces; a purge of the senior military leadership was initiated; and 10 of the union's 15 republics declared independence, with uncertain implications at best for the Soviet forces.

Georgi A. Arbatov, director of the Institute for U.S. and Canadian Studies in Moscow, predicted that each republic eventually would establish its own ground force, allowing a central administration to control a professional, vastly reduced navy, air force and nuclear arsenal.

But several army officers at the paratroop regiment's headquarters in Tula said they found Mr. Arbatov's prediction optimistic.

In the Spartan officer's mess of the training grounds nearby, where platoons of paratroops rotate through for a week of shooting practice, a lieutenant colonel named Anatoli spooned fresh sour cream and whortleberry jam over his blinis, delicacies rare in civilian life today. The officer, asking that his last name not be used, had invited a reporter into the once-secret camp.

Anatoli said he was proud of his troops and his elite paratroop regiment. But the longer he spoke, the clearer it became that the military's problems — "very severe and painful," as the new chief of the general staff, General Vladimir N. Lobov, said last week — afflict even the most privileged units.

"Of course it would be better if we moved to a professional force," the lieutenant colonel said, commenting on his leaders' promises to vastly scale back the draft and rely on career soldiers.

But he added: "If I'm to be called professional, I should be paid more, but the government doesn't have such money. So we will continue to serve for honor, not salary."

Anatoli, 41, said he was paid 800 rubles a month, or less than $30 at the tourist exchange rate, though well over the national median income. Conscript soldiers are paid 50 rubles a month.

A Ukrainian married to a Russian, Anatoli said he could not understand the vote of the Ukrainian legislature to declare independence and demand the fealty of all Soviet troops on Ukrainian soil.

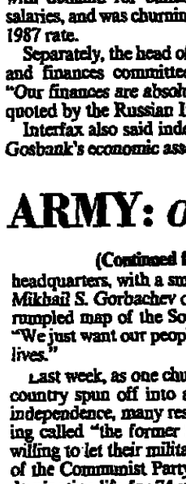
"It's nonsense," he said. "We need a single army. I am a Soviet soldier. Any other way is unthinkable."

Perhaps most telling, the veteran officer not so long ago turned down a promotion to colonel, and the commitment to serve five more years that accompanied it. He said he was simply tired of the life and the tough conditions.

"Our country is facing difficult times, and so is our army," he said. "They won't be easy to deal with."

Can the Soviet Union remain a superpower? Anatoli shrugged.

"We hope so," he said.



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As Opposition Gains, Singapore Leader Warns of Changes

By Philip Shenon
New York Times Service

SINGAPORE — The prime minister of Singapore, who campaigned as the politician to lead this prosperous Asian city-state away from authoritarian government, warned Sunday of broad changes in the way the nation is governed after his party failed to achieve the resounding victory it sought in this weekend's general election.

"In my view, life cannot go on as before," said Prime Minister Goh Chok Tong, appearing shaken at a news conference called to discuss the election results. "The solid endorsement that I wanted has not come."

His political opponents did not dispute Mr. Goh's evaluation of the results, leaving the same questions to be pondered on both sides:

Will Singapore, with one of the world's freest and most vibrant economies, ever be able to secure an equal degree of political liberty, or will Mr. Goh's party see the election results as an opportunity to retreat from even the appearance of greater openness? Do the election results mean new repression or new tolerance?

Opponents say they fear that Mr. Goh and his party, perhaps intentionally misreading what the voters had tried to say with their ballots, will try to impose a new brand of authoritarianism on Singapore.

The governing People's Action Party won the election by what would be considered an overwhelming majority almost anywhere else in the world, taking 77 out of the 81 seats in Parliament.

But it is a sign of the party's tight hold over so much of the life of the 2.7 million people of Singapore that those results were not nearly good enough. The party's overall share of the vote, about 61 percent, was down from a 62 percent margin in the last general election, in 1988.

Mr. Goh took the results as a vote of no confidence in what he billed as his "consultative" style of government — less censorship, fewer rules. He suggested during the campaign that if he failed to achieve the mandate, Singapore would revert to a more paternalistic, authoritarian government.

Under Mr. Goh, Singapore lost some of its reputation as the puritan among its Southeast Asian neighbors. Bans were lifted on the sale of jukeboxes and the screening of films with nudity and extreme violence — R-rated films are now being shown in more than half of the nation's film houses — and there was a slight but perceptible loosening of political debate.

For many Singaporeans, the changes seemed late in coming in a nation that, in most other respects, is as sophisticated and forward-thinking as any in Asia. Its standard of living is the second highest on the continent, after Japan. Per capita income is more than $11,000 a year.

In calling the snap election only nine months after he became prime minister, Mr. Goh made it clear that he wanted a large early mandate of his leadership. He wanted to emerge from the domineering shadow of his predecessor and mentor, Lee Kuan Yew.

Without that mandate, "certain things have to change now," Mr. Goh, 50, said at his news conference. "How they will change I do not know, but I feel politics in Singapore cannot go on as before."

"I will have to study the detailed results to decide whether and how to continue my consultative style of government," he added. "Obviously I will not be moving my programs so successively or quickly, and I've got to modify my programs."

Political opponents took his comments as a warning that the People's Action Party may be planning some sort of crackdown on their activities, and that Mr. Goh's days as a political leader could be numbered.

"I'm afraid that there is going to be more repression," said the government's best-known opponent, Joshua B. Jeyaretnam, secretary-general of the Singapore Workers' Party and a former member of Parliament. "I think the leopard has begun to show its spots."

A more paternalistic, repressive government would, he said, be an utter misreading of what the voters had tried to say by voting for the opposition.

Mr. Goh "is clearly wrong if he interprets last night's results as a rejection by the people of greater participation and a more open style," he said. "The results of the election show only one thing: that the people want greater participation and openness."

At a news conference to respond to the election results — the Workers' Party took one of the four seats won by the opposition — Mr. Jeyaretnam said that he had always believed Mr. Goh's openness was "all a sort of mirage, a charade."

"If the people thought Goh was really opening up, they would have given him a greater share of the vote," Mr. Jeyaretnam said. Mr. Goh's political survival "is an open question," he said. "The evidence is that he's in some trouble."

Mr. Lee, whose three decades of autocratic if farsighted rule turned Singapore into one of the economic tigers of Southeast Asia, has groomed his son, Lee Hsien Loong, for higher office.

The junior Mr. Lee, who has a personality and political ambition that is said to resemble his father's, is now deputy prime minister under Mr. Goh.

Daniel Koretzqev/Agence France-Presse

A woman who was begging near Moscow's Red Square on Sunday.

Hong Kong Shrugs Off Major's Visit

By Laurence Zuckerman
International Herald Tribune

HONG KONG — John Major will make his first visit to China as Britain's prime minister this week to sign a joint agreement clearing the way for a vast airport development project regarded as crucial to Hong Kong's future prosperity.

But the prospect of Mr. Major's arrival in Hong Kong on Wednesday after he and Prime Minister Li Peng initial the airport agreement in Beijing has aroused little more than indifference from the colony's Chinese residents.

"Ministers have come and gone and they haven't done very much for Hong Kong," said Emily Lau, a candidate in the first direct elections to the colony's Legislative Council to be held in September. "Hong Kong people will say, So what. Another visit. What can he do for us?"

With Hong Kong's return to China in 1997 nearing, the majority of the colony's people have already discounted the British.

It is now taken for granted that China will have an increasing say in the affairs of Hong Kong leading up to 1997 and will inherit Britain's absolute colonial power after the takeover.

For those who still harbored hopes that the British would somehow safeguard Hong Kong's autonomy after 1997 as they have promised, the airport agreement, which was announced in July, was the last straw.

Originally unveiled as a confidence booster in the aftermath of China's violent suppression of prodemocracy demonstrators in 1989, the vast $16.2 billion project, which in addition to an airport includes a container port and the world's longest suspension bridge, quickly became a point of contention with Beijing.

The agreement has been hailed by the business community for lifting the cloud over the economy, but it is widely seen as a major concession by Britain, most potently symbolized by Mr. Major's agreement to go to Beijing for the signing.

Mr. Major will be the first Western leader to travel to the Chinese capital since the violence of 1989 and, despite his promises to talk tough to China's Communist leaders about human rights, his visit has been criticized here as kowtowing to Beijing.

"On the airport, they have certainly capitulated," said Martin Lee, an outspoken liberal who is running for the Legislative Council.

Mr. Lee and other critics worry that the agreement violates the 1984 Sino-British Joint Declaration, the blueprint for post-1997 Hong Kong which guaranteed that the former colony would be run with "a high degree of autonomy" in matters unrelated to foreign affairs and defense.

They also point to Britain's reluctance, at the behest of Beijing, to introduce full democracy in the colony.

In next month's elections only 18 of 60 seats in the Legislative Council will be popularly elected; the remainder will be either appointed or nominated by professional associations. Meanwhile, the more powerful Executive Council will continue to be appointed entirely by the governor.

Already, the decline of British prestige has begun to undermine respect for Hong Kong's colonial government. Businessmen who used to spend their time cultivating the British authorities are now much more likely to distance themselves or evenly openly criticize the government in an effort to win points with Beijing.

Even people at the grass roots have sensed the shift in power. When the government announced in July that it was liquidating the Hong Kong subsidiary of the Bank of Credit & Commerce International, outraged depositors marched to the office's of the Xinhua news agency, Beijing's de facto embassy here, to appeal for help.

But some argue that it is too early and perhaps dangerous to count out the British, on whom Hong Kong must still depend to champion its interests on a host of critical issues, such as imports to the EC, and in international forums like the General Agreement on Tariffs and Trade.

"It would be a mistake to dismiss them as some people seem to be doing," said a political commentator, T.L. Tsim. "They are still the sovereign power and it is important to have them on our side."

ACCORD: *EC Meets Yugoslavs to Sign a Cease-Fire*

(Continued from Page 1)

to Serb control. In Knin, in the south, and the Baranja region of northern Croatia, illegal Serbian administrations have established themselves by force of arms. The federal government in Belgrade, its authority largely gone to nationalist republican bosses, has been powerless to intervene.

The economic cost has been just as immense.

Though no one has yet tallied the costs, crops lie rotting in the fields, and the collapse of tourism has shaken above all Croatia, a potentially wealthy area with domestic energy sources, fertile farmland, and one of Europe's loveliest coastlines, as the cost of waging the war mounts. In Serbia, industrial production has plummeted and inflation has soared as business and trade collapsed.

Yet, despite the price already paid and the burden of international pressure, Serbia's fiercely nationalist leadership has not abandoned its ambition of holding Croatia in the federation. The Serbian foreign minister, Vladimir Jovanovic, said last week Croatia could only leave the federation if it surrendered territories to Serbia.

For its part, Croatia has not budged from its resolve to leave Yugoslavia.

"We have shown that Yugoslavia is only formally still holding together, and it is only a matter of time before our independence and sovereignty will be recognized," Croatia's nationalist president, Franjo Tudjman, said in a televised address Saturday.

CONGRESS: *A Legal Coup?*

(Continued from Page 1)

Kremlin, where Mr. Gorbachev met with 11 of the 15 republic leaders.

"We have enough problems to solve," said the Soviet president. "The people expect solutions."

The special meeting of the Congress is itself shaping up as an unpredictable factor in the volatile political situation of today.

At the very least, the talk of a constitutional coup was a measure of the anxiety that grips the nation as the old Soviet system of union dissolves.

Insurgent critics of the party have been warning that the Congress, elected two years ago in a semidemocratic fashion that left it bottom-heavy with Communist loyalists, might use the emergency to attempt a constitutional stand against the wave of anti-communism that is sweeping the nation.

Concern that hard-liners might try to rally the Congress to defend the party's old system of government patronage and privilege was expressed by Nikolai N. Vorontsov, the former environment minister who was one of the few Gorbachev cabinet members to immediately oppose the coup.

Mr. Gorbachev said in his TV interview that economic alliance was a minimal requirement but that he still preferred some form of a renewed union, although one with far more sovereignty for the republics than might have been the case before the coup attempt.

In particular he vowed not to let a "wedge" be driven between himself and Mr. Yeltsin in the attempt to seek a new national political formula.

"We're both aware of our responsibilities at this very crucial time," Mr. Gorbachev said.

On Saturday, the central Asian republics of Uzbekistan and Kirghizia joined the parade of constituent republics declaring their independence. They were the seventh and eighth republics to end their membership in the union since the coup.

MOSCOW: *An Appeal for Aid*

(Continued from Page 1)

my. The G-7 recommended a special restricted form of membership for the Soviet Union in the IMF in July.

Progress was being made, Mr. Gorbachev said. He asserted that his talks with the republics' leaders were moving towards agreement on continuation of joint armed forces for the whole country, on a common currency, and on what he called a "common economic space," according to a British official.

Mr. Major was also seeking word on how the Soviet nuclear arsenal would remain under control if the country continued to split apart.

"I got assurances from both President Gorbachev and President Yeltsin that utmost care would be taken to ensure strict central control" of the weapons, he said.

In meetings with other officials, the British leader, who came to Moscow in his role as coordinator for the G-7 — the United States, Japan, Canada, Germany, France, Britain and Italy — heard evidence of continuing confusion.

The Baltic states of Latvia, Lithuania, and Estonia, their three leaders told him, did not even want to have a single currency among themselves, let alone with the rest of the Soviet Union, British officials said.

Gorbachev Says Wife Is Over Shock of Coup

Compiled by Our Staff From Dispatches

MOSCOW — Raisa Gorbachev has recovered from the shock of the coup and is in good health, her husband, President Mikhail S. Gorbachev, said Sunday.

Mr. Gorbachev said twice in an interview with CNN and Soviet television that "everything is fine."

"But it takes time," he added.

(AFP, Reuters)

YELTSIN: *U.S. Grows Cool*

(Continued from Page 1)

tional system, and there were some hints in the early aftermath of the coup attempt that the United States was subtly moving away from Mr. Gorbachev and toward Mr. Yeltsin.

But aides said Mr. Bush watched in anger as Mr. Yeltsin dominated Mr. Gorbachev in a meeting of the Russian parliament the day after Mr. Gorbachev returned to Moscow.

"Yeltsin humiliated Gorbachev in public," a senior official said, and that violated Mr. Bush's sense of personal honor.

The Bush administration also has disapproved of some of Mr. Yeltsin's political moves, including his recent statement that the borders of the Soviet republics were subject to negotiation.

"Yeltsin is basically power hungry and has done more to break up the union by scaring the republics with the specter of Russian rule," an official said. "He has no program of his own, but is simply a master at achieving power."

A second official said, "Yeltsin is an intensely political person. He has an instinct for what plays, for what seems to appeal to people. He's very charismatic. But he has an enormous ego and is a demagogue in many ways."

"We don't know enough about him yet to know if these powerful instincts will be used for good or simply for personal aggrandizement," the official said.

Pravda Is Back in Print Minus the Image of Lenin

Los Angeles Times Service

MOSCOW — Pravda, the Soviet newspaper that for decades disseminated the Communist Party line, was back in print this weekend, a week after the Russian president, Boris N. Yeltsin, ordered it shut down and accused its staff of complicity with the Kremlin putsch.

But it was not quite the same Pravda.

Gone from its masthead were the profile of Lenin and all mention of the Communist Party.

Instead of the hard-line Communist propaganda that it has been pumping out since it was founded in 1912, the front page of the paper on Saturday carried a political cartoon mocking a line from the Soviet anthem, which it would have considered sacrosanct in earlier days.

The cartoon depicted a column of demonstrators that had smashed through a sign reading, "Union Indestructible." The demonstrators had broken off the "In" so that it read "Union Destructible" and had left big black footprints across the slogan.

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SUBWAY: *A Motorman's Day and His Fatal Night Run in New York*

(Continued from Page 1)

man over the public-address system, asking if he was all right.

"Ah, don't worry," Mr. Ray replied.

At the next several stations, the motorman's driving became curiously overcautious, witnesses said. He moved slowly into stations and crawled to a halt.

"Hey, stop fooling around," the conductor admonished, and Mr. Ray speeded up again — moving faster and faster between stations.

As the train sped south, the number of riders on board swelled to about 500, and many sensed trouble. At some stops in Manhattan, the train screeched to abrupt halts, started jerkily and moved too fast in the tunnel, some riders said. Others said the train was rushing between stations at frightening speeds they estimated at greater than the train's 54-mile-per-hour (87-kilometer-per-hour) maximum.

Mr. Ray later told authorities he had been traveling at between 35 and 45 miles per hour and was falling asleep at the throttle.

"I was nodding off," one investigator quoted him as saying.

Mr. Ray told the police that he again fell asleep as the train hurtled toward 14th Street and Union Square. About 200 feet (60 meters) north of the station, the train had to switch from express tracks to local tracks; the speed limit for the switchpoint is 10 miles per hour, but the train was traveling up to five times that speed, officials said.

Disaster overtook the Woodlawn Express at 12:10 A.M.

Mr. Ray, apparently asleep, did not see a red signal looming up at the switch point. The speeding train failed to make the little curve to cross from express to local tracks, and the derailment began. The lead car veered right, smashing into the tunnel's outer wall, then veered left, slashing through a dozen steel beams supporting the tunnel and shearing the car in half lengthwise.

The next four cars also derailed and were crushed. But somehow the motorman's cab remained intact and Mr. Ray, who said he was asleep at the time of the derailment, was not hurt. He jumped down onto the track bed, peered around, glimpsed light through the smoky chaos and made his way to the 14th Street station platform.

There he encountered two transit police officers and, though dazed, identified himself as the motorman. The officers then left him and dashed into the tunnel to join the rescue efforts.

Mr. Ray left the station and walked up to the street. He sat on a bench in Union Square Park for awhile. He needed a drink, he told the police, and so he went to a nearby grocery and bought three beers. He took them back to the park bench and drank them as he watched the huge rescue effort unfold around him.

Mr. Ray was still there at 3:30 A.M. when the last injured passenger — Mr. Darden, the off-duty transit worker — was brought out.

Later, four transit police officers were sent to Mr. Ray's apartment. They staked out the building, and at 5:30 A.M., Mr. Ray was taken into custody as he walked toward the lobby. He was driven to the 13th Precinct station house where the early investigation of the crash was centered.

Tests for alcohol in his bloodstream were delayed for eight more hours by the necessity of obtaining a court order.

Mr. Ray waived his rights to have a lawyer present and, instead, spoke calmly to the detectives who questioned him about his drinking, about dozing at the controls, about his last midnight run to disaster on the Woodlawn Express.

ACROSS

1 Eatery
5 More despicable
10 Cheese from a Dutch town
14 In a while
15 Humiliate
16 Molten rock
17 Cozy
18 Gun in a western
20 Lingers
22 More uncanny
23 Outlaws
24 D.D.E.'s opponent
25 Use a loom
27 Young film actresses
32 Ragged Dick's creator
33 Converts into leather
34 Network of a sort
36 Joke
37 Jogged
40 Gametes
41 Compass dir.
42 Robt. ——
43 Oarsman
45 Visionaries
48 Dark yellow, British style
49 In the style of
50 Gloomy
51 Plant having cloves
54 Part of C.C.N.Y.
57 Gold seeker in Calif.
59 In a bad way
60 Craving
61 Musical composition
62 Clairvoyant
63 Inquisitive
64 Prevent from doing
65 Family pedigree

DOWN

1 Hurled
2 Held or Sten
3 Homer
4 Impress deeply
5 Amphorae
6 Wading bird
7 Negligent
8 Actual being: Lat.
9 Practice prior to a premiere
10 Kay Thompson girl
11 Appointment
12 Assert
13 Damage
19 Baseball's Hershiser
21 Unable to move
25 Worker's pay
26 Large antelope
27 Long scarf
28 Spud
29 Pays one's share, with "up"
30 Bicycle
31 Disconnect
35 Expose
38 Stayed behind
39 Comical
44 Eye specialist
46 Lusty; rough
47 Close associate
50 Drilling tool
51 —— pot (deteriorate)
52 Curves
53 Mention for military honors
54 Yield
55 Merriment
56 A fictional Jane
57 Fiver
58 Pistachio, e.g.

Solution to Friday's Puzzle

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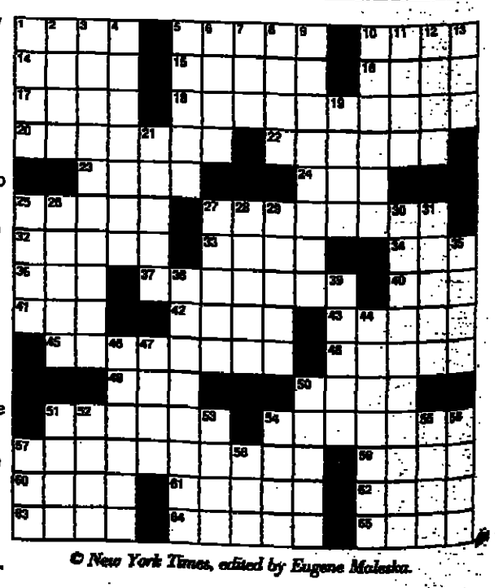

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As Hawaii Plans Pearl Harbor Ceremonies, Anti-Japan Feelings Are Flying High

By Robert Reinhold
New York Times Service

HONOLULU — When the solemn observances of the 50th anniversary of the Japanese attack on Pearl Harbor are over this Dec. 7, the American survivors will hold a final banquet at the Sheraton Waikiki Hotel. The hotel is owned by a Japanese company, Kokusai Kogyo of Tokyo.

This circumstance underscores the powerful crosscurrents pulling at Hawaii as it prepares to commemorate that infamous day at a time when the Japanese have achieved with yen what their grandfathers could not with bombs.

High hopes that the observance would herald a new era of cooperation have now turned into fears of an opposite outcome.

Some people are demanding that Japan apologize. Some worry that the ceremonies will intensify anti-Japanese sentiment in this country and anti-American feeling in Japan.

Some fear a backlash against Asian-Americans that could drive away the Japanese tourists who are a mainstay of the economy.

Others hope bygones can at last be bygones. "Fifty years of pain and hatred is long enough," said Senator Daniel K. Inouye, Democrat of Hawaii and a Japanese-American, at a dinner held by the Japan-America Society of Honolulu. "The time has come for reconciliation."

That Mr. Inouye, who lost his right arm as an American soldier fighting in Italy, should have to issue such a plea served only to emphasize the tenseness of Japan-U.S. relations.

Neither government appears willing to use the Pearl Harbor ceremonies to grapple with the issues that divide them. In July the Bush administration, under pressure from veterans groups, said no official foreign guests would be invited to the Pearl Harbor events, thereby avoiding the painful matter of whether to invite the Japanese.

The Japanese have been silent, saying the question of how Pearl Harbor is remembered is strictly an internal American issue.

The anniversary comes at a time when the economies of the two countries are more intertwined than ever, but when tensions and resentments are greater than at any time since the end of the war in 1945, largely because of disputes over trade and investment.

Nowhere are the contradictions between the nations more pointed or complex than in Hawaii, where the economy is closely tied to Japan.

Indeed, as planners sought a site for the final Pearl Harbor banquet, they could hardly avoid using one with Japanese ties: Nearly every hotel in Honolulu large enough for the event is owned by Japanese interests.

As the commemoration draws closer, survivors are coming forward with harrowing memories of the attack — the fearsome blasts, the mangled, burned and bloated bodies.

The early morning air raid left 2,403 Americans dead, 21 ships sunk or damaged and 188 aircraft destroyed, and drew the United States into the war that ended with the atomic bombings of Hiroshima and Nagasaki three years and eight months later.

Richard I. Fiske, a Marine bugler on the battleship West Virginia that morning, still recalls seeing a Japanese pilot's smiling face as he veered off after dropping a bomb on the nearby battleship Arizona, which was sunk with the loss of 1,177 sailors and Marines. "For years I dreamt about it," said Mr. Fiske, 70. "I can still see that smile."

Passions still run high among many of the American survivors. "We did not invite the Japanese 50 years ago and we don't want them now," said Gerald Glaubitz, of Morningside, Maryland, the national president of the Pearl Harbor Survivors Association.

Such sentiments have been a source of discomfort to Hawaii's political and business leaders, who hope the events focus not just on a painful past but also on future cooperation.

"Pearl Harbor was very prominent in our history," said a retired admiral, Ron Hays, a former commander-in-chief of the United States Pacific Command who was appointed by Hawaii's governor, John Waihee 3d, as chairman of a committee to review the events. "But we are also talking about a strong ally. Our economy and security are interdependent. We both stand for democracy and freedom. So I would hope to see a balanced program to pay tribute to those who lost their lives and also look ahead."

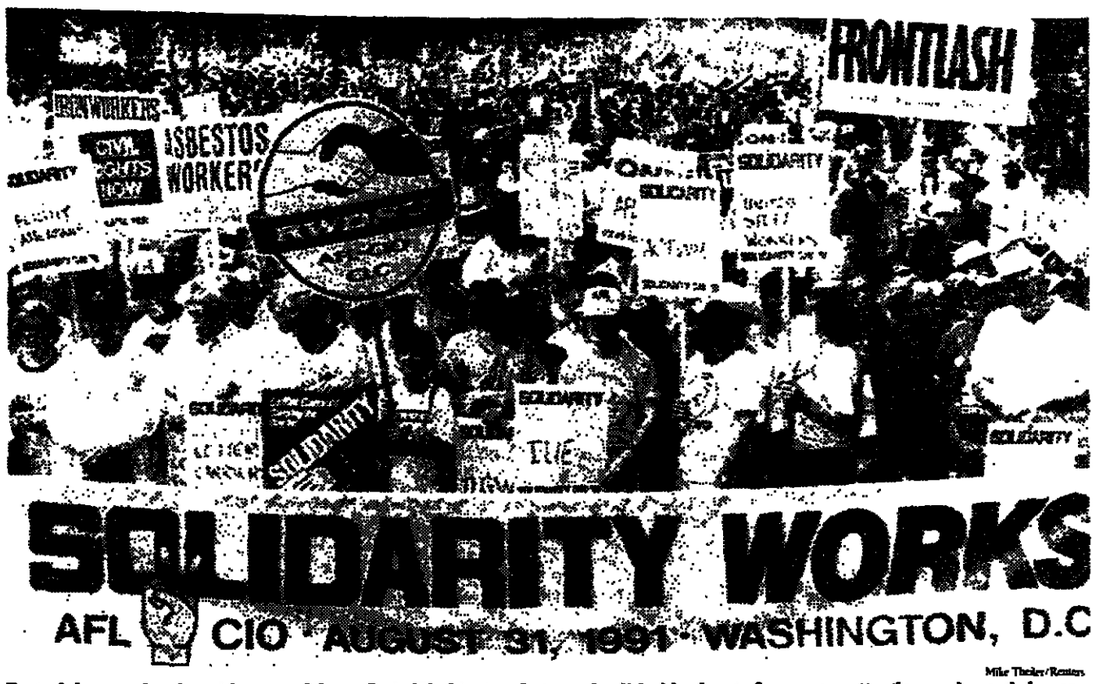
The debate has been fanned in recent weeks by Honolulu's pugnacious mayor, Frank F. Fasi. He has suggested the Japanese apologize for Pearl Harbor and then be invited to attend the ceremonies.

That brought a testy retort from some politicians in Japan, who said the United States should apologize for the atomic bombings.

For the Japanese, the events present a delicate problem in a state where heavy Japanese investment in real estate has stirred resentment in recent years.

At the Japanese consulate, Consul General Masaji Takahashi chose his English words carefully.

"Who should be invited is a matter to be decided by the American side," said Mr. Takahashi, who was born in 1937 and has no memory of the events of 1941. "The expatriate Japanese here are rather uncomfortable. The feeling is that this may be the start of Japan-bashing."



Mike Theiler/Reuters

Part of the crowd gathered for a pro-labor rally in Washington that urged political leaders to focus more attention on domestic issues.

Pro-Labor Rally in U.S. Seeks 'Fair Play for All'

By Jeff Gerth
New York Times Service

WASHINGTON — A quarter of a million union members and civil rights advocates, carrying signs and banners and wearing T-shirts with pro-union messages, gathered in Washington during the Labor Day weekend to call attention to domestic needs and to urge political leaders to improve health care and education and support workers' rights.

The rally, sponsored by the AFL-CIO, was both political and festive. The crowd, estimated at 250,000 by the U.S. Park Service, struggled to stay comfortable on a day so hot that local fire units hosed down the demonstrators to help them stay cool during an afternoon of speeches.

Lane Kirkland, the AFL-CIO president, said, "We're here to insist that democratic government — the White House, the Congress and the courts — must assure fair play for all, not just those with the most money, the most luck or the strongest bootstraps."

"We're here to remind our elected representatives that they were put there to serve, not the faceless marketplace, but the aspirations of real people," said Mr. Kirkland, whose organization, with 14 million members, is the nation's largest labor federation.

The "Solidarity Day" rally, held Saturday, was put together by a coalition of more than 180 religious, environmental, civil rights and labor organizations that brought members and their families to Washington from all over the country on about 3,500 buses.

Also represented were trade unionists from more than 30 countries. Ten years ago a similar rally, in the first year of the Reagan administration, attracted about 260,000 people.

Most of Washington's political leaders were out of town. President George Bush is at his vacation home in Maine and Congress is in recess for another week.

U.S. Cleanups: New Look at Cost vs. Risk

By Peter Passell
New York Times Service

NEW YORK — A decade after Washington declared war on businesses that expose the public to hazardous wastes, environmental experts are questioning the unquestionable.

While acknowledging that no level of exposure to dangerous chemicals is desirable, they argue that the risks should be put in perspective.

And by any rational benchmark, the probable benefits of restoring waste sites to pristine condition do not justify the costs, now estimated by the government at $300 billion to $700 billion.

Virtually all of the risk to human health, most analysts agree, could be eliminated for a tiny fraction of these sums.

In a typical project, in Holden, Missouri, $71,000 would be enough to isolate an abandoned factory containing residues of toxic chemicals, making it extremely unlikely that anyone would ever be harmed by the wastes.

Another $3.6 million would clean up virtually all residues and bury remaining traces under a blanket of clay.

But state and federal laws require a cleanup that would cost $13.6 million to $41.5 million.

"The last couple turns of the screw cannot be justified on economic criteria," said Tom Grumbly, an environmentalist who is president of Clean Sites, a nonprofit organization in Virginia that advises communities on hazardous waste cleanups.

Experts insist that what began as a crusade against polluters has become a diversion, siphoning money and technical expertise from more pressing environmental concerns.

Tougher, more scientific criteria should be used to identify waste sites needing immediate attention, they say. And once identified, the cleanup should be carefully aimed at saving lives rather than restoring land to preindustrial condition.

Analysts acknowledge that redirecting government policy will be nearly impossible without a radical change in the way Americans think about the risks from hazardous waste.

Some would try to temper the zeal for large-scale cleanups by asking the communities that benefit to share in the costs.

A first priority, argues Frank Blake, a former general counsel to the Environmental Protection Agency who now works for General Electric Company, is more credible information that lifts the "fog of fear" from public perceptions. Specifically, he says, people need ways to compare the risks of exposure with the dozens of other risks that are accepted as part of daily life.

The best-known federal waste initiative is the Superfund, which has spent $11 billion in a decade on emergency measures at 400 abandoned sites and full-scale cleanups at 60 others. But the cleanup mandated by the Superfund legislation has barely begun.

About 1,200 other sites are already on the Environmental Protection Agency's priority list, and the congressional Office of Technology Assessment expects thousands to be added.

What is more, federal laws require the eventual cleanup of tens of thousands of other sites polluted by government and business. Mr. Grumbly says the bill for waste containment could reach $20 billion a year by the end of the decade.

The country could afford such sums, everyone agrees, if the problem demanded it. Businesses and taxpayers have managed to cope with other anti-pollution regulations that now cost $115 billion annually, by the EPA's reckoning. But little hard evidence exists to support a crash effort.

"When you look for deaths from hazardous wastes, you just don't find them," said Bill Ralston, an analyst at SRI International, a consulting firm in California.

Jean Tinguely, Sculptor, Dies at 66

By Nick Ravo
New York Times Service

Jean Tinguely, 66, a Swiss-born sculptor who built whimsical self-destructing contraptions out of scrap parts, died Friday in Bern of complications from a stroke.

Mr. Tinguely, who also painted, drew and designed stage sets, was best known for what some critics called kinetic sculptures, large projects that united radios, wheels, motors, and welded girders into statements that sometimes mocked consumer society and on occasion destroyed themselves.

He regarded his works as "cynical social commentary, in a poetic way." He also once said he could see mysticism in a motor and beauty in an oil refinery.

Mr. Tinguely was sometimes regarded as a descendant of the Dada movement of the 1920s, which was dedicated to the creation of nonsense.

His rise to prominence in the Paris art world began in the late 1950s and led to events and showings in Europe, Japan, the United States and Israel.

His works included machines like the 1960 "Homage to New York," which exploded in the garden of the Museum of Modern Art. Some of his machines also had moving parts that smashed beer bottles or broke china plates.

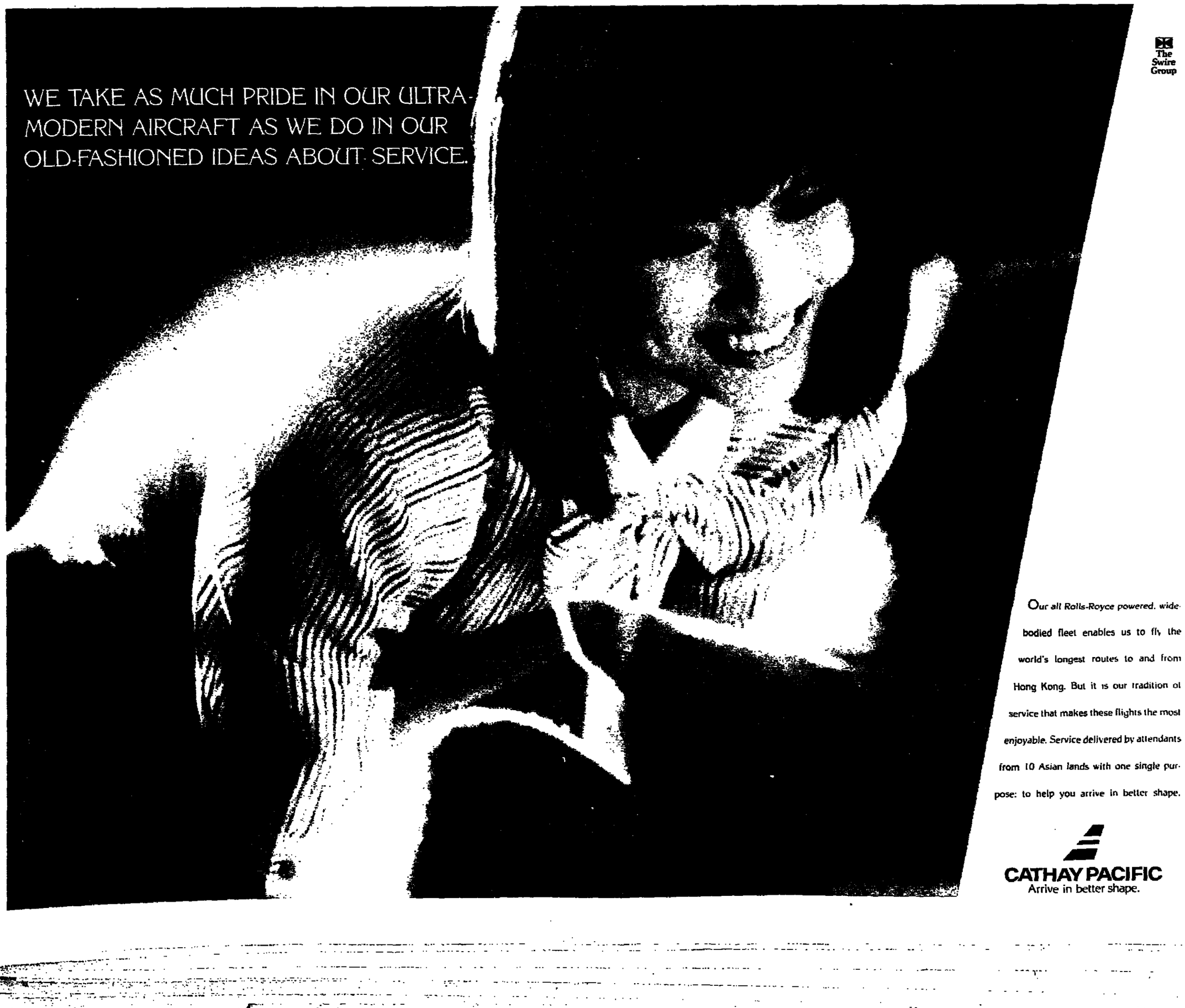
He summed up his artistic philosophy in a 1959 essay: "Playing is art. So I am playing."

One of Mr. Tinguely's last shows was in Moscow last year. He called the exhibit a warning against "the wonderful totalitarianism of our consumer society." The show's centerpiece, the four-meter-high (17-foot-high) "Altar of Western Affluence and Totalitarian Commercialism," consisted of bicycles, flower pots, skateboards and pushcarts, moving to the strains of organ pipes. It also included a smiling toy bear that was struck with a club every 30 seconds.

Not all of Mr. Tinguely's "suicide machines" died as planned, however. His ambitious "Study No. 2 for an End of the World," a sculpture fashioned out of old washing machines, bathroom fixtures, electric motors, beer cans and toy wagons, blew up prematurely.

"Study No. 1 for an End of the World" also exploded too soon, injuring two bystanders.

"You can't expect the end of the world to end the way you want it to," Mr. Tinguely said.



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OPINION

Where Once Was Union

The 70-year-old federation of constituent republics controlled by Moscow is now being referred to as "the former Soviet Union." Things came apart under the impact of the collapse of the Moscow coup; the center did not hold. Nor, with the coup's great discrediting of both central authority and Communist Party authority, is there any real chance that the old order can be put together again. But this whole incredible process only sharpens the question of what will emerge in its place.

At the moment, two concepts are vying. One is Boris Yeltsin's idea of practical cooperation among consenting sovereign republics — a loose confederation. The other is Mikhail Gorbachev's idea of a reformed federation or union with major powers for the reborn republics but with some authority still reserved for the center. The eight republics that have declared independence are knitting up new economic ties on the ostensible model of the European Community. This effort to find functional common ground is likely to deepen as people turn increasingly from the short-term emergency of the coup to the abiding emergency of the economy and the practicalities of defense.

Intent now on testing their own legs, the republics are keeping their distance from Mr. Gorbachev and the center. But as long as he lasts as president of a "former" country, he promises to keep arguing vigorously the indispensability of some central presence. It is not just a matter of convenience or habit. He scarcely needs to make the point that a reinvented union may help wary non-Russians contain any inclination on Russia's part to resume its pre-Communist imperial ways.

For the United States, the stakes go beyond an easy preference for either Mikhail Gorbachev or Boris Yeltsin. Post-coup realities would seem to put both in a position to meet the crucial international concern of strengthening democratic practice — again, assuming Mr. Gorbachev survives. Keeping Soviet nuclear weapons under tight and responsible control is another obvious international interest, as is managing the new and considerably improved Soviet foreign policy.

As to how the republics relate to one another and to any reconstituted center, if the republics sink into prolonged, enfeebling uncertainty and squabbling, they will present a danger to themselves and others. Some sort of reasonable working relationship is essential among the critical republics in regard to weaponry now existing and economic resuscitation now only a hope. This is not a matter of returning to the bad old days or of reviving the authority of residual Communist leaders. It is a matter of making the post-Communist governments safe for others. The United States has every reason to help.

— THE WASHINGTON POST.

Soviet Weapons: How Much of a Problem?

By Henry Rowen and Fred Hoffman

LOS ANGELES — The coup attempt and the accelerated dissolution of the Soviet Union pose urgent questions about its nuclear weapons:

- Who now has and who will have release authority for nuclear weapons? What is the likelihood of unauthorized release?
- Which of the emerging countries wants nuclear weapons, and who might get possession of the more than 20,000 Soviet weapons?
- What will become of Soviet nuclear weapons production and maintenance facilities?
- Might armed conflict occur among these nations? If so, what role might nuclear weapons play?
- What are the dangers to Americans and to others? What, if anything, can we do to lessen them?

The question of release authority: The report that the coup leaders had seized Mikhail Gorbachev's codes for releasing nuclear weapons did not mean that nuclear weapons were not under control or could easily have been launched amid the chaos surrounding the coup. Still less does it suggest that the junta had any motive for trying to do so. The Soviet nuclear control system, even more than its American counterpart, has locks to prevent use without top-level approval, and very tight security arrangements to prevent unauthorized access.

Russia is the only republic that seems interested in nuclear arms.

At the top of the command chain, no single person, not even Mr. Gorbachev, can cause nuclear weapons to be launched. When the emissaries of the "Emergency Committee" took the codes from Mr. Gorbachev, even if collectively they had been able momentarily to authorize the use of nuclear weapons they would have had no basis for confidence that their orders would be executed.

But the most troubling question is how well the Soviet control system would hold up under chaotic conditions with confused lines of authority and a divided military at all levels.

Who wants the weapons, and who is likely to get them? It is not clear if there will be a residual Soviet "center" plus several federated republics and some independent states, or a number of independent countries and no "center." Some will want to be part of the West; those that do not are likely to develop close economic and security ties with one another. Russia will dominate among them.

One can imagine an economic community and a NATO-like coalition with an integrated command structure emerging in the East. If so, one aim of its smaller members would be to exercise a veto over Russian military actions, especially nuclear ones.

In any event, there is a powerful case for having all that region's nuclear weapons under one political authority. The only plausible monopolist is Russia. Movement in this direction has begun. Reportedly, over the past few years, nuclear weapons have been moved to Russia.

What about the nuclear-production system? Here the West's main concern should be uranium enrichment, plutonium and weapons-fabrication and maintenance plants.

The problem is not the production of more of these weapons; neither the center nor any of the successor states will regard making more weapons as a high priority. But if there are important parts of this complex outside of what will become Russian-controlled territory, they should be dismantled.

And if there is fighting among the new nations? The creation of new political entities is bound to entail conflicts, particularly over boundaries and the treatment of minorities, especially Russians in other states. Serious fighting among any of those possessing nuclear weapons would be bad.

But this is highly speculative. Today, most of the leaders of these emerging nations say mainly that they want to control the forces of the "center" that are on their territories. Interest in having their own armed forces seems centered on conventionally armed forces similar to the U.S. National Guard. Least of all do they seem interested in having nuclear weapons — with the exception of Russia.

What might we do to lessen these dangers? First, we shouldn't panic. The recent events show that there are many people of good sense in positions of power. They do not want to destroy one another, nor do they want to destroy others.

Second, the rapid evolution toward independent, democratic, capitalist states offers the prospect of all but one being free of nuclear weapons. We should help the economic transformation and building of political institutions while encouraging the republics to be free of nuclear weapons.

Third, we should seek consultations with the Soviet-Russian authorities and assurances that their nuclear-control system is adequate. We should urge them to move briskly in pulling all their nuclear weapons back to Russia and discuss cooperative measures to help this along.

Mr. Rowen was an assistant secretary of defense for international security affairs in the Bush administration; Mr. Hoffman does research on national security and economics. They contributed this comment to The Washington Post.

An Alliance For This New Europe

By Robert O'Neill

OXFORD, England — Events in Moscow and Yugoslavia are driving home the message that Europe has security problems which no organization is addressing effectively.

NATO still has basic relevance to the old East-West military balance but is unable to tackle the new problems of Central and Eastern Europe and the Soviet Union. The Conference on Security and Cooperation in Europe, or CSCE, suffers from self-paralysis through the ease with which its members can veto action. The writs of the European Community and the Western European Union run primarily in the less troublesome half of the continent, not the area of greater need.

What is required is a new body, spanning both the troubled East and the rich, stable West, which can take effective action both to meet trouble and, more importantly, to prevent it.

This body needs to understand the new dimensions of security and break from the thinking of the past, dominated by major military alliances concerned with the international use of force. The security problems of the present and future are mostly domestic or national in nature, caused by lack of political and economic development in former Communist countries and the continued existence of enormous social injustices.

The causes of the challenges in the East are not difficult to understand. But the designing of effective answers is a Herculean task, involving knowledge of the many and complex ways in which political, economic, religious, ethnic and other factors interact to drive people to use force against others in their society.

The determinants of security in post-Cold War Europe constitute virtually a new discipline. The security problems presented by the nuclear age gave rise to a major new field of analysis, strategic studies. Europe is now at another watershed.

The new security organization that Europe needs should have a highly expert staff to advise on the shaping and implementation of policies. The CSCE's tiny supporting staff is woefully inadequate for this task. A few people on the European Community staff understand these issues but they are committed primarily to other responsibilities. Some in national governments have the appropriate knowledge.

But there is nothing like the critical mass in any one place that is needed to make an effective impact on the problems of the post-Cold War era. Long-term realizable solutions will require the creation of new research and training institutes, or the radical reshaping of existing ones.

The importance of creating a new body of expertise has been recognized in recent years by prominent philanthropic bodies such as the Ford and the MacArthur foundations, the latter of which has established an imaginative fellowship program linking security studies with other disciplines relevant to post-Cold War problems. What is now needed is an extension of this bridgehead, developing the broader reaches of policy research necessary for understanding how secure societies might be built out of the weak bricks left by the crumbling of the great edifices of Marxism-Leninism.

Security problems will not wait. Governments must build their own organizations now for analyzing and solving the problems that threaten European security. These matters demand an integrated approach, beginning at the top with special cabinet-level committees.

On the basis of these national teams an overarching European body can be formed, linking as many European states as wish to join, and with substantial and expert staff. If the CSCE would re-form itself to become more an executive agency and less a debating club, it could be the organization required, but this is probably too much to hope for.

It would be better to set up a new body dedicated to guiding Europe securely through the coming era — an era of political, economic and social development to recoup the lost years of Marxism-Leninism. Why not call this body the Alliance for Development in Europe, and why not staff it with some of our best and brightest young minds? It could lead the way toward a much more secure future; and it could mobilize and foster a new generation of leaders who, seeing security in a fresh light, will build a better Europe.

The writer was director of the International Institute for Strategic Studies and is now Chichele Professor of the History of War, All Souls College, Oxford. He contributed this comment to the International Herald Tribune.

Coups and Accountability

As they move from the traditions of totalitarianism to open government, politicians in Russia and the other republics might take note of two essential elements of late 20th-century American bureaucracy: the doctrine of plausible deniability and its indispensable accessory, the shredder. Both were conspicuously absent in the failed Soviet coup.

Soviet officials who might have come to Mikhail Gorbachev's aid but did not fell back on the ridiculous "coup flu" excuse. They produced no backdated memos, claimed no memory loss and found not a single subordinate to blame.

The Kremlin plotters, meanwhile, devoted even less thought to covering their tracks. Instead, they held a press conference to declare their treason and left a paper trail of signed decrees so blatantly criminal that any self-respecting Washington secretary would deep-six them without a second thought.

And that raises the second point. Apparently, the KGB relies not on document shredders but ancient, subterranean furnaces. This system has major flaws.

It leads to releases of smoke that contribute unacceptably to urban smog, and it tends to alert the public that an obstruction of justice is under way.

As always, there are lessons in this. First, we Americans should be thankful we have shredders. Otherwise, the smog in Washington would have been unbearable in the late 1980s.

Second, the almost stupefying naiveté of Soviet politicians opens up a tremendous business opportunity for Washington's consultants. You can almost see the company's stationery: North, Liddy & Associates.

— THE NEW YORK TIMES.

A Good-as-Gold Ruble Could Serve as Cornerstone

By Jude Wanniski

MORRISTOWN, New Jersey — Time has run out.

Whoever wishes to govern the Soviet Union must take steps to prevent huge food and energy shortages in the Soviet winter, which begins soon. Indeed, it was impending social catastrophe, not ideological reflexes, that led to the convulsive events in Moscow.

The first order of business of Moscow's new power combination will involve the only course any Soviet government could adopt under the circumstances: to employ the old centralized apparatus to prevent large numbers of Soviet citizens from starving and freezing.

The endless delays in the Soviet movement to a market economy occurred not because of opposition from hard-liners but because each of the planning efforts put forward requires a chaotic leap into the unknown.

The Soviet transition problem is unlike any other. The central problem is this: More than 95 percent of the nation's wealth is held collectively — the land, the housing stock and the state enterprises. Less than 5 percent is held by individuals in the form of claims against the state — ruble deposits in state depositories.

The debate in Moscow is not whether to transfer most collective wealth to private hands. That debate ended months ago. It is how to manage the transfer, the privatization.

Everyone understands that the transfer cannot occur without creation of a banking system, the means by which commerce is arranged in a market economy.

Neither banks nor other financial services such as stock markets and insurance companies exist in the Soviet Union. They were not needed when a central apparatus dictated the flow of resources within a framework of wage and price controls.

A banking system, though, cannot develop, either at a private curbstone level or through the network of state depositories spread across the nation, without a convertible ruble, one whose value is guaranteed by the Soviet government and accepted by its people.

A marketplace cannot come into existence without a unit of account, a currency of known and predictable value in which contracts can be made and accounts kept.

The reform plans put forth so far have a convertible ruble as an eventual target. But they require that the old system be demolished before a new system is built.

The inference is that somehow a headlong plunge into a free market will sort things out and the ruble will float to an unknown value that will make it convertible.

As it is, the ruble has specific meaning only in the old system, where its theoretical purchasing value is close to that of a U.S. dollar.

Outside the old system the ruble has no value whatsoever as a unit of account and was most recently traded in an Estonian auction at 77 rubles to one U.S. dollar.

What value will the ruble have after a leap into the unknown?

In countries where most wealth is held by individuals, in the form of real property and financial assets tied to real property, inflation simply bails out debtors at the expense of creditors.

Even in Eastern Europe there remains considerable wealth held by individuals in the form of real property. In the Soviet Union, individuals hold almost no real property or capital assets.

If the Soviet government were now to take the plunge, lifting wage and price controls and floating the ruble, almost the entire stock of capital held by Soviet citizens — their ruble deposits — would vanish in the ensuing inflation. The state would hold close to 100 percent of the wealth, its debt to its people wiped out.

More critically, what happens to the economic mechanisms necessary for the people's daily survival in the time it takes between the demolition of the old command apparatus and the creation of a banking system around this worthless ruble?

These are the questions the Western critics of Mikhail Gorbachev's delays have failed to answer.

Yet the economy continues to disintegrate as more and more Soviet citizens observe the unofficial erosion of the ruble and simply stop working.

There is an emergency, and in this sense the hard-liners were right.

The answer lies in making the ruble worth more, not less, which the government can do by reaffirming the value of the ruble deposits held by Soviet citizens with a gold guarantee. This is a prerequisite to other reforms.

Western governments must understand that government economic controls are inevitable if the Soviet Union is to make it through the winter.

Once the crisis has passed, a strong ruble could be introduced, as early as next spring. The effect on the Soviet economy would be dramatic.

As soon as the Soviet state regains the confidence of the people in its currency, the economic mechanisms will work well enough to see the country through the privatization process to the market system they obviously desire.

The writer is president of Polyconomics Inc. He contributed this comment to The New York Times.

Gay Soldiers and Good

Do homosexual personnel, male and female, threaten the effectiveness of the armed forces? Or is it shortsighted prejudice for the military services to ban homosexuals and to discharge those discovered in its ranks?

That long-festering issue has emerged with new force in recent weeks, requiring the U.S. defense secretary, Dick Cheney, to explain anew to Congress and the public just why homosexuals are deemed "incompatible with military service."

Mr. Cheney showed little appetite for the task, with good reason. The ban deprives the armed forces of talent, and the discharges damage thousands of careers and lives. All for a policy with not a shred of hard evidence to support it.

Much of the opposition to homosexuals reflects a deep-seated fear that gay personnel would make sexual advances on their heterosexual comrades, provoking fights or starting affairs that would destroy discipline. But that wrongly brands all homosexuals as sexual aggressors.

The same specter of unrestrained sexuality was raised when women were first admitted to military service. Yet women have been successfully accommodated, and they performed valiantly in the Gulf war.

The Defense Department is two-faced on the subject of homosexuality. Homosexuals are allowed to serve in civilian jobs, even at the highest and most sensitive levels, under civil service rules that outlaw sexual orientation as a criterion for employment. That is why Mr. Cheney has no trouble retaining a trusted aide who was identified as homosexual by a gay magazine.

But the department bans homosexuals from military service and has discharged more than 13,000 people as homosexuals since 1982. Many, sad to say, have been outstanding. Some have won bronze or silver stars. One was a naval cadet near the top of his class at Annapolis.

Underscoring the absurdity of the policy, the commander of the surface fleet in the Atlantic last year urged, in a note to subordinates, that investigations of lesbians not be "pursued halfheartedly" just because lesbians are generally "hard-working, career-oriented, willing to put in long hours on the job and among the command's top performers."

The official justification for the ban is a single sweeping paragraph in the Defense Department's administrative discharge directive. It asserts, with dubious accuracy, that the presence of homosexuals "seriously impairs the accomplishment of the military mission" in seven areas, including morale and recruitment.

The Pentagon may be retreating from one claim — that homosexuals are a security risk, peculiarly subject to blackmail. Unpublished studies for the military in 1957 and 1988 concluded that homosexuals were a negligible security risk, and Mr. Cheney dismissed the allegation as "a bit of an old chestnut."

Other assertions, that the presence of homosexuals makes it difficult to maintain morale and ensure the integrity of the command system, sound like worst-case projections based on outdated stereotypes. Polls show that most Americans think homosexuals should be allowed in the military.

The most emotional reason for excluding homosexuals is that service members, in contrast to civilians in the Defense Department, "frequently must live and work under close conditions affording minimal privacy." Perhaps some heterosexual servicemen fear they would be propositioned in the showers. But that possibility could be managed with regulations proscribing sexual harassment. And what consenting adults do on their own time is their business, not the military's.

The military and its civilian overseers need to re-examine the case; there is no evident justification for discrimination on the basis of sexual orientation.

— THE NEW YORK TIMES.

For the Risk-Takers, Dizzying Rewards

By Herman Sterligov

THERE IS no other country on earth where such fast and fabulous fortunes can be made as in today's Russia.

My country — the Russian Republic — is wide open for business, and those who get there first and are willing to risk their money will reap dizzying rewards.

I should know. Our commodities exchange, Alisa, founded in December 1990, made its first million in three weeks. Of course, that was in nonconvertible rubles, but our company is already performing successful hard-currency ventures.

Russia is not for the faint of heart or those who prefer to see their investments grow at a rate of, say, 8 percent to 10 percent a year as opposed to 50 percent or 100 percent.

Doing business there — whether trading or manufacturing — is both wildly remunerative and maddeningly frustrating. It is simply impossible to operate in Russia without the help of people who are thoroughly familiar with the system's perversions, still so twisted that a civilized mind cannot fathom them.

The post-coup situation will no doubt create more favorable free-market conditions. But there is no reason to wait for our ponderous leaders to act.

There are now private companies in Russia and the other republics and I am convinced that only they should be dealt with. Any money that passes directly to the Soviet government will disappear down the "rat hole," to use an expression I heard recently on American television.

That rat hole includes the pockets of corrupt officials who are still entrenched throughout the system.

President George Bush is right to withhold loans and credits from the existing Soviet government.

U.S. funds would only strengthen a system that has caused so much suffering and whose idiotic and inhuman methods will have consequences far into the future. (The near future as well — there is the real possibility of large-scale starvation this winter.)

Perhaps we will need humanitarian aid, but otherwise, Mr. Bush, please don't send us a nickel.

Should a democratic Russia be aided? By the time we are truly democratic we should be able to take care of ourselves.

Yes, Russia has plenty of problems that are likely to frustrate business dealings. Anyone who has ever tried to place a phone call knows that.

Our systems of distribution are also unreliable. But private companies are attempting to improve conditions: We will soon have privately owned satellite channels; Russia already has the rudiments of a privately held nationwide distribution system.

It must never be forgotten that though Russia has been beggared by the Communists, it is still a fabulously rich country. Not only do we have oil, gas, wood, diamonds and gold, we have a highly educated, well-trained work force that can be employed for a fraction of what such labor would cost elsewhere.

In addition, state enterprises are now allowed to keep 10 percent of their hard-currency earnings.

Some of the more successful companies have billions of dollars that are sitting idly. That money can be used either to purchase goods from the West or even to invest there.

So the widely held belief that Russia has nothing to offer on the world market is just not true.

We have everything from racehorses to steel. And those who get here first and brave the risks will make the sort of fortunes that are the stuff of legend.

The writer is president of the Russian Club of Young Millionaires. This was translated from Russian by Richard Lourie for The New York Times.

A Scenario To End the Drought

By Tom Wicker

NEW YORK — Huckleberry Finn and his friend Jim found out the hard way that picking up a snakeskin brings a power of bad luck. So far as is known, none of today's Democrats has touched a rattler's epidermis, or looked at a new moon over his left shoulder, or shook out a tablecloth after sundown — acts that can put the evil eye on a body, as Huck and Jim knew.

Still, no such foul events as those of recent months have befallen an American political party since way back in 1988, when the Democrats, snakebit even then, nominated Mike Dukakis for president. Huck Finn, ever alert to the signs, would have recognized that as a powerful bad'un.

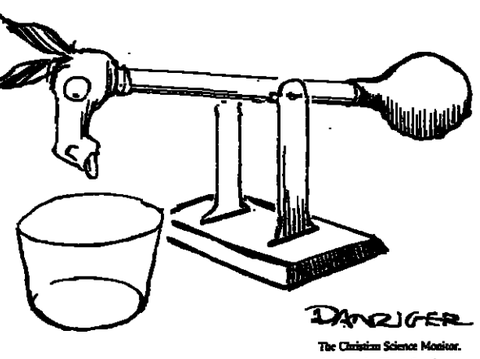
First, with rare exceptions, the Democrats voted last winter against George Bush's war. This transgression may be looking better and better intellectually; but politically, as Richard Nixon used to say, there is still no mileage in it.

Second, not least because of No. 1, the Democrats cannot find a candidate for 1992. All the usual suspects, of course, believe Mr. Bush is vulnerable and beatable; but all so far have discovered family problems, realized personal inadequacies, recognized that the timing is bad, or concluded that they did not really want to be president anyway, at least not next term.

Third, just when No. 1 might have been losing enough political steam to reverse No. 2, the Soviet Union began to fall apart, putting "the ball back in Bush's court."

That means that the president's supposed strength in foreign affairs came to his rescue just as his supposed weakness in domestic affairs was beginning to curl at the edges.

Four, in the magic incantation "quotas." Mr. Bush has found and is shrewdly using one of those code words widely understood to mean that his Republicans are the party of white America and the Democrats are the party of unwhite America.



DANZIGER

The Christian Science Monitor.
Los Angeles Times Syndicate.

In all these clouds, only one streak of silver lining can be discerned — the faint possibility that the reluctance of candidates (other than the valorous Paul Tsongas) to come forward may result, for the first time in at least 32 years, in an open Democratic convention and a nominee chosen by assembled delegates rather than by voters in primary states.

Here is how it theoretically could work: No one who might confess to candidacy proves strong enough to dominate the primaries; so no one takes a majority of delegates to the convention, which as a result has many uncommitted slates; the convention, with the help of self-appointed "brokers" and in full view of television viewers, picks a candidate — as Democratic conventions managed to do for more than a century before the post-1968 reforms.

Would that really be a silver lining? Well, a candidate chosen in an open convention, whether an old or a new face, could not possibly do worse than the losers put forward by the primary system — George McGovern, Jimmy Carter, Walter Mondale and Mr. Dukakis. Under that system, only Mr. Carter in his first time up — aided, at that, by the Watergate scandal — managed to win the presidency.

It is true that a convention nominee would be disadvantaged by not having had to put together an organization to contest the primaries, and by coming cold into a national campaign against an incumbent president, a veteran of three national campaigns. But no matter in what fashion he or she may be chosen, next year's Democratic nominee is going to be a decided underdog.

It is just possible, however, that the rare spectacle of a hard-fought convention might produce high television ratings and a surge of enthusiasm for the ultimate victor.

The last such Democratic free-for-all was in 1952 in Chicago, with Adlai Stevenson winning on the third ballot (although John F. Kennedy's 1960 nomination in Los Angeles was weakly contested by Mr. Stevenson and Lyndon Johnson).

Several political generations have never seen, so might be enthralled, by a convention that chooses rather than merely ratifies a nominee. Anyway, as Huck Finn might have said, the Democrats need to do something to change their luck. □

On Aug. 29, Sydney Drell was quoted in this space as saying that the "physics community" had formed a "strong consensus" in favor of the Superconducting Supercollider. He actually spoke of the "high-energy physics community." The error is regretted.

The New York Times.

Other Comment

Yeltsin's Power Politics

What the celebrity Boris Yeltsin is currently doing in the still-Soviet Union is power politics of the most heavy-handed kind.

The ruler of all the Russians has annulled decrees by which he tried to take over Soviet institutions during the coup week. But the expansion of Russian power continues at high speed — so quickly that Mikhail Gorbachev, who after all is still the president of something called the U.S.S.R., speaks painfully of sheer absorption. "Everything," he says, "must be based on the [Union] constitution."

But Boris Yeltsin has already left that terrain. With the Ukraine, Russia has agreed on "close interstate cooperation." Soviet nuclear weapons in the Ukraine will be brought to Russia.

And while the file on Mr. Yeltsin's heroic performance during the coup week is being closed, new decrees are creating new facts. Thus, Mr. Yeltsin moved to create Russian control over the Soviet Finance Ministry and the government's foreign trade bank. The export of precious metals and gems will need the permission of the Russians.

But Mr. Gorbachev has one consolation. The Soviet parliament refused by a majority of 35 votes to restrict his powers.

Mr. Yeltsin, once Mr. Gorbachev's savior, now strives cold-heartedly for what the Serbians in Yugoslavia are trying to achieve through war: domination by the country's strongest battalions.

Perhaps this is the way things will be in the world. But it certainly is not the fine democratic style.

— Süddeutsche Zeitung (Munich).

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

Directeur de la Publication : Richard D. Simmons
Chairman from 1958 to 1982: John Hay Whitney

Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel.472-7768. Tlx: RS56928
Mng. Dir. Asia, Rolf D. Kraneputh, 50 Gloucester Rd., Hong Kong. Tel. 8610516. Telex: 61170
Mng. Dir. U.K., Garry Thorne, 63 Long Acre, London WC2. Tel. 836-4802. Telex: 263009
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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Armed Travelers

PARIS — An American lady who had just landed at Queenstown was arrested for having a revolver concealed about her person. Hitherto the habit of carrying a revolver has been confined to male American tourists, but if the fashion is also to be adopted by women, traveling in Europe will become more dangerous than ever. Why so many Americans think it is unsafe to visit Europe unless they are armed with a revolver and at least fifty cartridges is a mystery. The only thing that the tourist accomplishes by carrying a revolver is to endanger the lives of peaceable fellow travelers.

1916: Kaiser's Praise

LONDON — The following is the Kaiser's letter to Field-Marshal von Hindenburg appointing him Chief of the Great General Staff: "I appoint you Chief of the General Staff of the Army, and I am convinced that I cannot place the duties of this post in better hands. I confidently expect that in carrying out these duties you will greatly benefit the army and the country. I take this opportunity to express to the victorious protector of our eastern front my warm thanks for all he has done during the two years of war."

1941: Berlin Is Bombed

LONDON — [From our New York edition:] Great Britain's third year of war and the deadline of a long-term warning against a German invasion attempt was ushered in today [Sept. 1] with Royal Air Force and Russian bombing attacks on Berlin, the Ruhr and Rhineland and the French "invasion" coast. Air-raid sirens, quiet in London for more than a month, wailed in Berlin as Soviet airmen thrust at the German capital. The Air ministry said "considerable" forces of British bombers battered at Bremen, Essen, Cologne and Boulogne during the night. Britons regarded the operations as an auspicious beginning of the fall and winter season.

International Herald Tribune
BUSINESS/FINANCE
* MONDAY, SEPTEMBER 2, 1991

EUROBONDS

More Rate Cuts in Store? Markets Trying to Guess

By Carl Gewirtz
International Herald Tribune

PARIS — Dealers are bracing for a skittish week in international financial markets. Trading will be buffeted by conflicting views about whether U.S. interest rates are going to be cut, triggering a reduction in Japan as well. That would give a boost to prices of fixed-income securities and likely cause some weakness in the value of both currencies against European currencies.

A string of U.S. statistics released last Friday — including the biggest monthly jump in factory orders seen in 20 years, for July — showed that a recovery is under way. But analysts still expect this coming Friday's report on August employment to signal whether one more rate reduction is warranted.

Reports on U.S. jobs and Japanese business conditions will be key.

The Bank of Japan may move even if the Federal Reserve Board does not, depending on how downbeat Japan's quarterly short-term business outlook survey is. That report is also to be issued Friday.

Nomura Research Institute predicts that the report "will confirm that the Japanese economy is now facing a substantial slowdown, possibly even recession." It added that it expected the Bank of Japan "to act to alleviate these economic conditions soon."

In the United States, the outlook is less clear because the latest data uniformly indicate a substantial pick-up in manufacturing. But analysts worry about weakness in the services sector. "The pattern of data released over the past weeks shows that the industrial side of the economy is stronger than services," noted Giles Keating at Credit Suisse First Boston in London.

This leaves the Fed "trying to steer a line between two broad sectors of the economy that are moving in different directions," he said, adding that this week's employment data could prompt a rate cut.

But Paul Chertkow at Citibank in London expects the employment numbers to follow the factory orders data up. "I don't think the Fed will ease again," he said.

Conflicting views on the outlook for rates were a driving force in bond and currency markets last week. With the prospect for a cut the prevailing view, U.S. bond prices rallied sharply and knocked the yield on 30-year government paper down to 8 percent. The dollar hit the week's low of 1.73 Deutsche marks.

BUT ON THE BACK of Friday's booming orders numbers, bond prices retreated, pushing the 30-year yield up to 8.06 percent — still ⅛ point below the previous week's close — and the dollar back up to 1.7470 DM, virtually unchanged for the week.

The yen-dollar exchange rate was unusually steady, also a virtually unchanged 136.83 yen. And during the week, it fluctuated less than the dollar-mark rate. Simon Crane, a London-based adviser to technical traders, observed that "dollar-yen volatility is at historic lows."

A rate cut by Japan could change that, said Andres Drobny at Bankers Trust in London. "It could be the catalyst for a good rally," he said. He said he expected the yen to decline against the dollar and the European currencies, with the dollar also outpacing the Europeans.

But without some such catalyst, Mr. Drobny said he saw the dollar slowly grinding lower. "There's lots of bearish sentiment, the market needs a reason to buy the dollar," he said.

One important negative factor weighing on the dollar is that interest rate differentials make it profitable for speculators to bet against it by shorting the currency. It costs 5.69 percent at an annual rate to borrow three-month dollars, which can then be sold to buy Deutsche marks and earn interest of 9.25 percent.

In the view of professionals, there is now a tug of war between interbank operators, who are shorting the dollar, and long-term investors, who still favor the currency.

Thus, Friday's employment data and the signal it gives on the direction of U.S. interest rates are widely seen as establishing which of these two views becomes predominant.

"If the dollar can't top 1.78 DM this week," predicted Jim O'Neill of Swiss Bank Corp., "lots of people will give up on the currency."

Mr. Chertkow agreed, saying: "The disposition of the market is to want to sell the dollar. It could test its support level at 1.7250 DM, maybe even fall to 1.69 DM — but at those levels, long-term holders are likely to buy it back."

The outlook for bond markets is less murky. Analysts concur that economic slowing in Japan and Germany will succeed in pulling long-term interest rates down and that merely modest recoveries in the United States and Britain will permit inflation to continue to abate and also allow long-term rates to recede.

With real bond yields — what is left of coupon levels after

See BONDS, Page 9

CURRENCY RATES

Cross Rates

Aug. 30

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.968	3.305	1.1263	0.3317	0.151 *	—	5.474 *	1.287	1.4335 *	1.724	1.8065 *
Brussels	35.7725	60.4275	20.571	4.6555	2.755 *	18.2615	—	24.5475	0.2626	31.2525	32.82 *
Frankfurt	1.7488	2.937	—	0.2943	0.134 *	0.8879	4.86 *	1.1444	1.274 *	1.5247	1.605 *
London (a)	1.6755	—	2.9328	9.9665	2,188.80	3.3013	60.285	2.5640	229.58	1.9148	182.56
Madrid	108.471	182.028	62.25	18.286	8.341 *	55.266	3.0259	71.345	79.321 *	95.088	—
Milan	1,308.10	2,192.15	746.50	219.71	—	662.80	36.282	854.00	9.589	1,139.45	11.992
New York (b)	—	1.6800 a	1.742	5.9325	1,303.25	1.9675	35.95	1.5264	136.83	1.1416	108.70
Paris	5.9155	9.9775	3.3974	—	0.4552 *	3.0166	0.1652	3.8875	4.3297 *	5.1855	5.4555 *
Tokyo	137.15	231.10	78.62	23.16	0.1053	69.81	3.8225	90.85	—	120.25	1.2648
Toronto	1.1417	1.918	0.6527	0.1923	0.876 *	0.5798	3.174 *	0.7464	0.8342 *	—	1.051 *
Zurich	1.5305	2.5675	0.8751	0.2577	0.1174 *	0.7778	4.2546 *	—	1.1172 *	1.3407	1.4059 *
1 ECU	1.1786	0.6992	2.0536	6.9758	1,532.58	2.3131	42.248	1.7961	161.166	1.3454	127.838
1 SDR	1.337	0.7925	2.3274	7.8898	1,738.21	2.6341	47.8873	2.0356	183.367	1.5263	145.024

Closings in Amsterdam, London and Zurich, fixings in other centers; New York closing rates and Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9960.0	Greek drac.	192.35	Mex. peso	3047.01	S. Afr. rand	2.885
Austral. $	1.2755	Hong Kong $	7.7597	N. Zealand $	1.7391	Soviet ruble*	0.5961
Austr. schil.	12.24	Indian rupee	25.84	Norw. krone	6.8075	Swed. krona	6.325
Brazil cruz.	394.45	Indo. rupiah	1961.78	Phil. peso	26.46	Taiwan $	26.41
Chinese yuan*	5.3728	Irish £	0.6508	Port. escudo	148.90	Thai baht	25.71
Danish krone	6.726	Israeli shek.	2.2955	Saudi riyal	3.75	Turkish lira	4555.02
Egypt. pound	3.3078	Kuwaiti dinar	0.2908	Sing. $	1.723	UAE dirham	3.672
Fin. markka	4.234	Malay. ringg.	2.785	S. Kor. won	733.70	Venez. boliv.	59.31

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6777	1.6703	1.6639	Canadian dollar	1.1448	1.1475	1.1501
Deutsche mark	1.7487	1.7541	1.7593	Japanese yen	136.91	137.09	137.23
Swiss franc	1.5254	1.5285	1.5315				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Aug. 30	Aug. 23	Ch'ge
DJ Indus.	3,043.60	3,040.25	+ 0.11 %
DJ Util.	208.25	206.00	+ 1.09 %
DJ Trans.	1,212.27	1,215.44	— 0.26 %
S & P 100	373.49	372.23	+ 0.34 %
S & P 500	395.43	394.17	+ 0.32 %
S & P Ind	470.56	468.89	+ 0.36 %
NYSE Cp	216.69	215.75	+ 0.44 %
Britain			
FTSE 100	2,645.70	2,640.70	+ 0.19 %
FT 30	2,075.20	2,069.30	+ 0.29 %
Japan			
Nikkei 225	22,336.	22,065.	+ 1.23 %
Germany			
DAX	1,650.50	1,627.24	+ 1.43 %
Hong Kong			
Hang Seng	3,998.26	4,021.02	— 0.57 %
World			
MSCIP	502.70	502.60	+ 0.02 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	Aug. 30	Aug. 23
Discount rate	5½	5½
Prime rate	8½	8½
Federal funds rate	5⅝	5 7/16
Japan		
Discount	5½	5½
Call money	7 15/32	7 13/32
3-month interbank	7 5/32	7 11/32
Germany		
Lombard	9¼	9¼
Call money	8.95	8½
3-month interbank	9¼	9.20
Britain		
Bank base rate	11.00	11.00
Call money	11/16	11⅛
3-month interbank	10 27/32	10⅝

Gold	Aug. 30	Aug. 23	Ch'ge
London p.m. fix $	347.40	353.70	— 1.78 %

Cresson Puts Conditions On Part-Privatizations

She Says Any Deal Must Help Jobless

Reuters

RAMATUELLE, France — Prime Minister Edith Cresson said on Sunday that the French government might consider partially privatizing some state-owned companies, but only if it would help the unemployed and industrial competitiveness.

Mrs. Cresson told Socialist Party supporters in Ramatuelle, near Saint-Tropez, that she would not approve privatization plans just to balance the national budget.

Finance Minister Pierre Bérégovoy floated the idea on Thursday that the three-year-old Socialist government's policy of no new nationalizations or privatizations could be dropped. The policy is dubbed "ni-ni" for "neither-nor."

Mr. Bérégovoy said, "I have never considered that the ni-ni doctrine was valid for all eternity."

The policy arose from President François Mitterrand's 1988 election pledge. The ni-ni pledge aimed to calm the political debate after the rightist government that held power from 1986 to 1988 carried out a series of privatizations that were opposed by the Socialists, who regained power in 1988 and had previously nationalized a number of companies.

"For my part, it would not shock me that the capital of companies currently state-owned be opened up to private capital, provided, naturally, that the public stake remains the majority," Mr. Bérégovoy said.

Mrs. Cresson said it would be absurd to seek to balance the books by selling off parts of France's nationalized companies.

If there was to be some opening up of the nationalized companies, "either to friendly companies or partners," she said, "or by selling off parts of them, which is another possibility, then that is something that can be studied."

She added, "But this must of course lead to helping employment and the fight against unemployment and thus improve our industrial competitiveness."

The ni-ni doctrine has already been stretched by the exchange of equity stakes between Renault, the French state-controlled carmaker, and Volvo AB.

Others of France's major nationalized companies are reportedly keen to find partners for international alliances, and a further relaxation of the policy would help them.

Albania To Peg Lek To the Ecu

Reuters

TIRANA, Albania — Albania, Europe's poorest country, is preparing to reform its banking and currency systems and to promote privatization, the state news agency ATA said on Sunday.

Under the changes, Albanians would for the first time have the right to open hard-currency bank accounts and receive foreign currency sent from abroad.

A series of reforms planned for the foreign exchange system would peg the currency, the lek, to the European Currency Unit. ATA said an initial rate would be 30 leks to the Ecu or 25 leks to the dollar.

The news agency said the country's coalition government had approved a package of bills that it would submit to the legislature, labor unions and party leaders.

The draft legislation would give the central bank greater independence to control money supply, investments and interest rates.

The legislation would set up a government body to coordinate plans to privatize state property and encourage individuals to set up their own businesses.

Heating costs would be cut to encourage people to use more electricity and hot water. Many people now live in cramped, unheated apartments.

Albania, slowly emerging from four decades of isolation, is struggling to revitalize its backward industry and improve the primitive living conditions of its 3 million inhabitants.

But the collapse of communist central planning has disrupted industrial output. Exports and imports have slumped.

Romania, another East European country trying to alter its economy along market lines, doubled gasoline prices on Sunday in an effort to move closer to international prices. Premium gasoline now costs 30 lei (8 cents at the free-market rate) a liter instead of 15 lei.

Foreigners, who previously had to pay Western prices in hard currency for their fuel, are also now free to buy gasoline at the Romanian price and in local currency.

The Cleanup in Hong Kong

Rules on Disclosure and Insider Trading Take Effect

By Laurence Zuckerman
International Herald Tribune

HONG KONG — The Hong Kong Stock Exchange, long a web of hidden cross-interests, is to become much more transparent this week with the debut of two rules requiring public disclosure by large shareholders and company directors and tougher penalties against insider trading.

The two ordinances, portions of which have been in the works for as long as three years, are part of a comprehensive plan to bring the exchange up to international standards.

"Since 1988, there has been a major change in what is considered appropriate for this market," said Paul Phenix, the exchange's executive director in charge of compliance.

The Hong Kong Stock Exchange was the only one of the world's major markets to close its doors in the wake of the 1987s global stock market collapse, severely damaging its reputation and leading to charges by an independent government commission that it was run as "a private club."

The new insider-trading rule, which went into effect on Sunday, imposes much stiffer penalties than the previous law, which subjected offenders to little more than public censure.

Although the new law stops short of making insider trading a criminal offense, offenders now face fines of as much as three times the profits from the illegal trades and can be barred from serving as company directors and managers for as long as five years.

The rule is meant to work in tandem with a sweeping new disclosure ordinance that requires large shareholders, company directors and companies themselves to divulge their holdings in Hong Kong-listed corporations.

Under the new ordinance, which also went into effect Sunday, large shareholders will have to disclose holdings that amount to more than 10 percent of a company's share capital and must notify the company and the exchange within five days of either increasing or reducing their stake across a percentage point.

This odd rule means that an increase from 2 percent to 2.9 percent would not be reported, but an increase from 2.9 percent to 3 percent would be reported.

In addition, company directors are required to disclose all trading activity, however small, in the shares of the companies they serve. Companies also have been given the right to investigate to determine who has an interest in any of its shares.

The new rule is closely modeled on Britain's 1985 Companies Act and defines an investor's interest in shares as "any interest of any kind whatsoever," including shares held by spouses, children, nominees, corporations in which the individual has more than one-third voting power, and shares held in concert with other investors.

It is up to shareholders to voluntarily disclose their interests. The exchange will then make the information available to the public. Violators face a penalty of as much as two years in prison and a fine of 100,000 Hong Kong dollars ($13,000). Those who refuse to come forward can have their shares frozen.

Alan Merger, an executive in the corporate finance division of Hong Kong's Securities & Fu-

See RULES, Page 11

Export-Led Manufacturing Leads U.S. Upturn

By Louis Uchitelle
New York Times Service

NEW YORK — A picture of the U.S. economy appears to be emerging that shows export-led strength in manufacturing but weakness in important service sectors like retailing, real estate and financial services.

The strength in manufacturing was evident in Friday's Commerce Department report that the government's index of leading indicators had jumped 1.2 percent, the largest monthly increase in three years.

That sort of performance usually signals a recovery, but the improvement was almost entirely in components related to manufacturing.

The index is intended to forecast turns in the economy but is heavily weighted toward manufacturing at a time when service industries play a bigger role in American economic activity. The weaknesses outside manufacturing that show up in the most recent economic data raised the possibility that the incipient recovery from recession might falter.

"There is a chance of a relapse," said David Wyss, chief economist at Data Resources/McGraw-Hill, an economic consulting firm. But he, like other analysts, said that would happen only if the rest of the world cut back on purchases of American goods. "That is where manufacturing's strength is coming from," he added.

The ability of major trading partners to buy American merchandise depends, of course, largely on their economic health, and here the picture is mixed. Countries such as Britain and Canada appear to be ready to emerge from recession, while growth is slowing in Germany and Japan.

Still, Mr. Wyss and others said that manufacturing alone might not be enough to sustain a recovery, or at least not a strong one, because manufacturing accounts for less than 25 percent of U.S. economic activity.

Other activities — such as construction, retailing, insurance, data processing and state and local government spending — must also expand to sustain a recovery, as they have in previous recoveries.

"Service-sector spending rises when income rises and consumer expectations about the future rise," said Victor Zarnowitz, a University of Chicago economist and forecaster. "Both are stalled today."

The strength in manufacturing, thanks largely to strong exports of commercial aircraft, and the weaknesses elsewhere were evident in other statistics released over the last 10 days, including Friday's Commerce Department report that factory orders had risen 6.2 percent in July, the largest monthly increase since December 1970.

A survey of purchasing managers at manufacturing companies in the Chicago area, taken in August and released Friday, also showed strength.

But outside of manufacturing, the personal income of Americans fell in July, after several months of growth, the government reported on Thursday — a statistic that in part reflected stagnant job growth.

Sales of new and existing homes fell in July, for the first time since spring. And a July poll measuring Americans' confidence in the future strength of the economy showed growing doubts.

Finally, the Commerce Department revised — downward — an optimistic initial estimate of the gross national product in the second quarter.

"From the current confusion in numbers you can make a case for recovery or recession," said Michael Keran, chief economist at Prudential Insurance Co. of America and one of those forecasting recovery. "Any time you are at a turning point in the economy, the data are full of contradictions."

The index of leading indicators rose for the sixth consecutive month, a performance that in the past has almost always signaled a recovery. The July rise, the largest since June 1988, came on the strength of increases in seven of the index's 11 components. Nevertheless, the index in July reached only 145.4, still nearly a point shy of its level early in the summer of 1990, when the recession began.

The components showing manufacturing strength included a rise in new factory orders for consumer goods, a rise in orders for plant and equipment, slower delivery times for manufactured goods and an increase in raw-material prices.

Polish Carrier to Buy 9 Boeing 737s

Compiled by Our Staff From Dispatches

WARSAW — LOT Polish Airlines announced over the weekend that it was buying nine Boeing-737s in preference to aircraft made by Airbus Industrie or McDonell-Douglas Corp.

The 737s, in the 400 and 500 series, are to be delivered between 1992 and 1994, the airline said. LOT gave no details of the purchase terms except to say that the financial conditions offered by Boeing played a very important part in its decision. The new planes will replaces its aging fleet of Soviet aircraft.

LOT said Saturday it decided on Boeing aircraft after considering offers from McDonnell Douglas and Airbus. In June, LOT signed a letter of intent to buy eight or nine McDonnell Douglas MD-80 medium-range planes. It canceled the $350 million agreement on Aug. 1, citing problems in financing.

LOT sought further offers after a government commission supervising negotiations with the rival manufacturers said the deal should be expanded to include investment in Poland's ailing aviation industry.

Although Saturday's announcement gave no financial details of the transaction, LOT said information would be issued at a news conference in Warsaw on Monday. *(AFP, Reuters)*

■ No More Boeing 707s

The Boeing 707, a pioneer and workhorse of jet aviation, will go out of production due to insufficient demand, Agence France-Press reported from Seattle.

Customers including the Japanese government have expressed interest in buying a military version of the 707, but this is not enough to justify keeping the production line in a position to be restarted, Boeing Co. said.

The last order for a 707 was placed four years ago, and the last 707 rolled off the assembly line in May of this year.

Boeing's first commercial jet, the prototype of the 707 was completed in May 1954 and flew for the first time in July of that year.

It was not the first commercial jetliner — the British de Havilland Comet took to the air in 1952 — but the 707 was the first American passenger jet and the first to gain widespread use.

Carrying up to 219 passengers, it revolutionized global travel by cutting hours off transcontinental flights.

The 707 design has been used as the framework for a variety of military aircraft, including the AWACS — the Airborne Warning and Control System radar plane — and the Navy's E-6 submarine communications plane.

Japan had indicated it wanted an AWACS, and the U.S. Defense Department backed such a sale to Tokyo. But Boeing said Japan's plans called for an initial purchase of two AWACS to be followed a year later by two more. Boeing said it needed orders for at least 14 to make restarting the 707 production line worthwhile.

Sheikh Penned BCCI's Role in 'Brenda Starr'

By William C. Rempel and Jeffrey L. Rabin
Los Angeles Times Service

LOS ANGELES — Among the deals that Bank of Credit & Commerce International financed before many of its operations were shut by international regulators, perhaps its financing of the ill-fated movie "Brenda Starr" best illustrates how the institution was used for the benefit of the rich and the royal.

BCCI has drawn swarms of investigators looking into allegations of laundered cocaine money, covert arms transactions, investment frauds and influence peddling around the globe. But this is the tale of a Hollywood deal in which a wealthy fan apparently committed the bank to financing a film in which Brooke Shields could star, underlining a kind of favoritism that investigators have said contributed to BCCI's downfall.

The cast:

A billionaire Saudi Arabian sheikh with a special relationship to BCCI, a young American actress and a comic strip character with a chance to move to the big screen.

The synopsis:

The publicity-shy sheikh, linked to more than $130 million in problem loans from BCCI, uses a London office of the bank to finance a bungled entry into the movie business.

The story:

In 1986, agents of the secretive sheikh — Abdul Aziz al Ibrahim, 43, a brother-in-law of King Fahd of Saudia Arabia — created Mystery Man Productions, a New York-based film company, to funnel as much as $22.3 million in cash and, reportedly, BCCI loan proceeds into the feature film "Brenda Starr." According to associates of the sheikh, he did so to help the actress Brooke Shields win the film's title role.

The gesture produced a movie, but it also produced a financial calamity when the film became tangled in litigation over distribution and television rights. Five years after it was shot, "Brenda Starr" still has not made it to the screens of U.S. theaters.

BCCI executives in London said that, at the time the movie was being made, the Ibrahim family was among the bank's largest depositors. The family's importance to the bank was reflected by the fact that a BCCI executive — Hadi R. Barrage of the Green Park branch office on Picadilly — personally handled their accounts and traveled with the Ibrahims to business negotiations around the world.

The BCCI executive also acted as "our liaison with the investor," according to "Brenda Starr" filmmakers. "All the money came in via Hadi," said the producer, Myron Hyman. Mr. Barrage was "a very nice guy who always tried to be helpful."

In fact, Mr. Barrage was lent to Sheikh Ibrahim by BCCI to oversee accounts of the film production, according to an Ibrahim attorney. He said that BCCI administered investment and expense accounts of the film project.

Initial spending on the film was from cash accounts, but midway through the project, an associate of the sheikh said, Sheikh Ibrahim began to have second thoughts about its costs. There were costly delays, for example, caused by a storm during the shooting schedule in Puerto Rico. The source said Mr. Barrage created loan accounts to finance completion and, later, to pay the substantial legal fees incurred when distribution and rights litigation erupted.

Spokesmen for the Ibrahims have issued conflicting statements about their BCCI links. One denied that the family ever borrowed from BCCI, an assertion disputed by British auditors. Another said any past loans would have been fully secured. And a third spokesman said loans did not finance "Brenda Starr."

Auditors with Price Waterhouse, who discovered the disarray in BCCI's books last year, said that the Ibrahims did have extensive BCCI loans: $131.7 million at the end of 1989. Furthermore, the auditors found, the Ibrahims had outstanding loans of $210.8 million at the end of 1988 and $125.2 million at the end of 1987, the year "Brenda Starr" litigation was filed. It could not be determined if any "Brenda Starr" transactions were on BCCI's books when many of the bank's units were closed in July.

Although the Ibrahim family also maintained substantial deposits, ostensibly pledged to cover those large loans, auditors said they found a troubling "absence of critical information." For example, they could find no formal liens against the pledged deposits. They also found that the Ibrahims paid BCCI only 5 percent interest on those loans, the same rate they received from the bank on their deposits.

According to Price Waterhouse, whose reports prompted international banking regulators to seize BCCI, the Ibrahims were among a number of wealthy Middle Eastern families — part of a circle of favored clients — with hundreds of millions of dollars in poorly documented and, in some cases, undersecured loans.

Ibrahim representatives in Los Angeles insisted that members of the family "are victims" of the bank's collapse. However, it is clear from details of Abdul Aziz's maiden venture into Hollywood that the Ibrahims also enjoyed an especially close relationship with the bank — a relationship that the Saudi financier used in 1986 to help his favorite actress.

Australia To Run Bank

State Institution Is First to Accept Federal Managers

Compiled by Our Staff From Dispatches

SYDNEY — The State Bank of South Australia, plagued by loan losses, will be put under the supervision of the nation's Reserve Bank, the chairman of the central bank said Sunday.

The Reserve Bank chairman, Nobby Clark, said in a television interview that the bank, owned by the South Australia state government, would voluntarily place itself under the supervision of the central bank. It is the first state bank in Australia to do so.

The South Australia state government on Thursday pledged to inject 2.2 billion Australian dollars ($1.73 billion) into the Adelaide-based bank to cover losses on loans.

State Bank of South Australia is one of a number of Australian financial institutions that ran into trouble because they overeagerly made loans to borrowers who were later squeezed by the country's recession and high interest rates.

News of the bank's troubles surfaced early this year, when the state had to provide a 1 billion dollar injection to cover loan losses.

Last year, another state bank, the State Bank of Victoria, was bailed out by the federal government after its merchant banking arm sustained losses of 1.5 billion dollars.

In another financial industry development, the government of Western Australia said Saturday that it had ordered the state's third-biggest thrift institution to close pending an investigation by a government-appointed administrator.

The government's move freezes more than 100 million dollars of deposits from 45,000 personal and corporate investors at Permanent Building Society, based in Perth.

The Western Australian registrar of co-operative and financial institutions, John Metaxas, said the investigation could take up to a month. *(Reuters, AFP)*

■ Copper Mine in Peril

Renison Goldfields Consolidated Ltd. said Sunday that it was near to closing its large Mount Lyell copper mine in Tasmania, Reuters reported from Sydney. Analysts say the mine is one of the world's most expensive copper operations.

Economic Ties to China Raise Alarm in Taiwan

Reuters

TAIPEI — Taiwan, alarmed by growing economic links with China, is considering restrictions on investment by Taiwanese businessmen there, a government spokesman said.

"We are thinking of placing curbs on investment on the mainland in order to reduce the rapid growth of projects," a spokesman for the cabinet's Mainland Affairs Council, which formulates the island's policy toward China, said Saturday.

The spokesman declined to reveal details, saying the restrictions were still in the planning stage.

The Economic Daily News, a leading financial newspaper, said the government was particularly anxious to curb investments by large companies involving more than $10 million.

Economic ties between Taiwan and China, enemies since the ruling Nationalists fled to the island after their defeat by communists on the mainland in 1949, have blossomed since the late 1980s as political tensions eased.

Two-way trade through Hong Kong topped $4 billion last year, and economists estimate Taiwanese companies have invested more than $2 billion in China.

But senior Taiwanese officials have expressed fears in recent months that the island's growing economic reliance on China could make it vulnerable to political pressure from Beijing, which still claims sovereignty over Taiwan.

Government officials scrambled last year to persuade the giant Formosa Plastics group, whose corporate flagship is the huge Formosa Plastics Corp., to drop a plan to build a petrochemical complex in China. The concern has declined to say whether the plan will proceed.

"Communist ideology teaches that economic activities must serve political purposes. In doing business with the mainland, Taiwan businessmen must not pursue their individual benefits at the expense of the nation's interests," Vice Economics Minister Chiang Pin-kung said during the weekend.

But Mr. Chiang, quoted by the official Central News Agency, conceded that Taiwan's easing of foreign exchange controls in recent years meant the ministry had virtually no way to control investment by local businessmen in China.

Money is also beginning to flow to China through Taiwan post offices. The postal service has handled 1,620 applications to remit a

See TAIWAN, Page 9

INTERNATIONAL BusinessWeek

This week's topics:

- After the Soviet Union
- America's Man In Moscow
- Is Tennis Too High Tech
- Tiny Spacecraft For Mars
- The Giant Shakeup At Alcoa

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 323 11 30. Prices may vary according to market conditions and other factors. Aug. 30

Dollar Straights

Governments/Supranationals

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
A I D C	8¾	96	101	8.10	+75
Asian Dev Bk	11¾	93	109	7.15	+67
Asian Dev Bk	8	96	99¾	8.17	+70
Asian Dev Bk	9¼	99	107	8.57	+78
Australia	11½	95	112	7.96	+49
Australia	11	95	110	7.78	+60
Australia	11⅝	98	115¾	8.46	+89
Australia	11¼	00	111	8.16	+115
Austri Control	8¼	93	102.050	6.63	+42
Austri Control	9¼	94	105.075	7.17	+59
Austri Control	12	94	112½	7.49	+67
Austri Control	9	95	105	7.50	+43
Austri Control	8¼	96	102⅝	7.64	+26
Austri Control	9½	00	104½	8.37	+58
Austri Control	8½	01	100⅝	8.39	+48
Austri Postspa	10½	94	107¼	7.33	+71
Austria	10	98	107½	8.49	+75
Austria	11¼	95	110½	7.58	+71
Austria	11	00	100⅞	10.94	+422
Austria	9⅝	93	103¾	6.92	+71
Austria	9⅝	94	104½	7.33	+63
Austria	9¼	96	104½	8.07	+71
Austria	7⅝	96	99	8.00	+49
Austria	7¾	97	99⅝	7.83	+32
Austria	8½	00	101½	8.22	+38
Austria	8⅜	00	101⅝	8.20	+47
Austria	8½	03	100⅝	8.37	+43
Austria	9½	06	106¼	8.71	+72
B C Hydro	11¾	93	108½	7.23	+76
B F C E	7¼	93	100⅛	6.82	+51
B F C E	8⅝	94	103½	7.09	+28
B F C E	9¼	95	105⅛	7.61	+45
B F C E	9⅝	96	106½	7.78	+72
B F C E	7⅞	96	100	7.87	+45
B F C E	7⅞	97	99⅞	7.94	+43
Belgium	8½	93	102½	6.50	+31
Belgium 2	8¼	93	102⅝	6.80	+48
Belgium	8	97	100⅜	7.91	+41
Belgium	9⅝	98	106⅝	8.26	+51
Belgium	8¾	98	102⅝	8.19	+48
Belgium	9¼	10	104	8.75	+71
C A E C L	9⅝	95	105¾	7.81	+71
C B A	9¼	93	103	7.20	+77
C C C E	11¾	97	116½	8.22	+49
C C C E	12⅝	95	112	8.34	+150
C C C E	9¼	95	105⅝	7.33	+62
C C C E	8⅝	95	102⅝	8.09	+27
C E P M E	8¾	99	98¾	8.20	+65
C N E	11¾	95	112	7.48	+72
C N T	8½	93	102	6.79	+62
Canada Treas	10	95	108½	7.54	+39
Canada Treas	9	96	105⅝	7.52	+28
Council Europe	7⅝	93	101⅛	6.73	+47
Council Europe	8¾	94	103¾	7.47	+75
Council Europe	9¼	94	105½	7.84	+60
Council Europe	8	96	100⅝	7.96	+57
Cr Foncier	7½	94	101½	6.77	+25
Cr Foncier	9¼	95	105½	7.61	+45
Cr Foncier	9¼	99	106¾	8.24	+45
Cr Natl	8¼	93	102⅜	6.63	+38
Cr Natl	7⅞	94	101⅜	7.34	+51
Danish Exp Fin	10⅜	95	107	8.56	+140
Denmark	11½	93	108½	7.16	+66
Denmark	7⅜	93	101¼	6.72	+46
Denmark	7½	93	101⅛	7.06	+76
Denmark	8¼	94	102	7.46	+74
Denmark	8⅞	95	103⅝	7.57	+68
Denmark	9¼	96	105⅝	7.44	+82
Denmark	7¼	96	96¼	8.18	+75
Denmark Mtg	13	93	107⅛	7.10	+97
Denmark Mtg	9¾	93	104⅞	7.34	+91
Donaukraftw	11¾	93	106¼	6.88	+70
[illegible]					

Floating Rate Notes, Third World, Dollar Zeros, Banks & Finance, Global Corporates, Deutsche Marks, Pounds, Dollars, Ecus: [illegible]

MUTUAL FUNDS

Figures as of close of trading Friday, Aug. 30.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc. are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

[illegible]

NL— No initial sales load. f—Previous day's quote. r— Redemption charge may apply.

x — Ex dividend.

New International Bond Issues

Compiled by Andrew S. Register

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Isveimer	DM 200	1996	⅛	99.55	—	Over 6-month Libor. Callable at par from 1993. Fees 0.20%. (DG Bank Deutsche Genossenschaftsbank.)
Fixed-Coupons						
Ford Motor Credit	$200	1994	8	101.15	100.25	Reoffered at 100.025. Noncallable. Fees 1⅞%. (Credit Suisse First Boston.)
Abbey National Treasury Services	FF 1,000	1994	9⅝	100.74	99.50	Reoffered at 99.59. Noncallable. Fees 1⅞%. (J.P. Morgan.)
Banque Nationale de Paris	FF 1,000	1996	9⅝	101.133	99.45	Reoffered at 99.558. Noncallable. Fungible with outstanding issue, raising total to 2.5 billion francs. Fees 1⅞%. (BNP Capital Markets.)
Finland	FF 3,000	2001	9¼	98.80	99.25	Noncallable. Fees 0.325%. (BNP Capital Markets.)
Abbey National Treasury Services	ECU 150	1996	9¼	101⅜	99.25	Reoffered at 99.80. Noncallable. Fees 1⅞%. (Nomura Int'l.)
Aerospatiale	ECU 100	1996	9¼	101⅜	99.40	Reoffered at 99.80. Noncallable. Fees 1⅞%. (Nomura Int'l.)
Landeskreditbank Baden-Wuerttemberg	SK 300	1996	10¾	101.40	99.45	Noncallable. Fees 1⅞%. (Dresdner Bank.)
Swedish Export Credit	SK 300	1996	10½	100⅝	98.78	Noncallable. Fees 1⅞%. (Deutsche Bank Capital Markets.)
Volkswagen Int'l Finance	SK 300	1996	10½	100⅝	99.40	Noncallable. Fees 1⅞%. (Deutsche Bank Capital Markets.)
Bank of Montreal (London)	C$ 100	1996	10⅝	101.525	100.25	Reoffered at 99.95. Noncallable. Fees 1⅞%. (BMO Nesbitt Thomson.)
Denki Kagaku Kogyo Kabushiki Kaisha	Y 10,000	1999	7.20	101.80	—	Reoffered at 100.20. Noncallable. Fees 2%. (Nikko Securities Europe.)
Nissan Motor	Y 20,000	1996	7.10	101¾	—	Reoffered at 100.175. Noncallable. Fees 1⅞%. Denominations 10 million yen. (Yamaichi Int'l Europe.)
Nissan Motor	Y 30,000	1999	7⅛	101⅝	—	Reoffered at par. Noncallable. Fees 2%. Denominations 10 million yen. (Daiwa Europe.)
Nissan Motor	Y 30,000	2000	7⅛	101⅝	—	Noncallable. Fees 2%. Denominations 10 billion yen. (Nikko Securities Europe.)
Equity-Linked						
Hokkai Can	$100	1995	4⅝	100	104.25	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,661 yen per share and at 138.15 yen per dollar. Fees 2⅛%. (Daiwa Europe.)
Lechters	$ 65	2001	5	83	—	Convertible into company's shares at $50.625 per share, a 21.25% premium. Fees 2½%. (Goldman Sachs Int'l.)
Matsushita Electric Works	$200	1995	4⅝	100	102.50	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set Sept. 3. (Yamaichi Int'l.)

Latest Sick Loans: Those for Airplanes

By Diana B. Henriques
New York Times Service

NEW YORK — Airplane loans and leases are about to join Third World debt, real estate lending and leveraged takeover loans as trouble spots in the portfolios of financial institutions, according to the draft of a report to be released on Monday.

The report is from two analysts at Fitch Investors Service, a Wall Street credit-rating agency. The analysts, Nancy Stroker and Valerie Gerard, suspect that with unsold and unleased aircraft going begging, many of those idle planes will ultimately be written down — or written off — with unhappy consequences for the profitability of the companies that financed them.

Of course, direct investments in commercial aircraft have been going sour for 18 months, as the airline industry's health has worsened and several carriers have filed for bankruptcy protection. Aircraft limited partnerships, the investment pools set up to buy airplanes and lease them to carriers, have cut dividends and declined sharply in value. Equipment trust certificates, which are publicly traded notes secured by specific airplanes, have also nosedived.

The reason: There are too many aircraft for sale or lease at a time when air travel is down and ailing carriers are cutting back on their plane-buying plans.

"Recent market activity has demonstrated an alarming 50 percent increase in the number of commercial aircraft available for sale or re-lease," the Fitch report said. There were 840 planes offered for buyers or renters in June, up from 545 at the end of 1990. "Concurrently, there has also been a 50 percent decline in the number of actual completed transactions," the report continues.

The analysts found that these market problems and the dizzying collapse in aircraft prices was catching up with commercial finance companies whose loan portfolios include significant levels of debt secured by aircraft.

The companies, each of which has issued publicly traded debt or commercial paper that is rated by Fitch, include Concord Leasing, a subsidiary of Hongkong & Shanghai Banking Corp.; Chrysler Fin-ancialn Corp., General Electric Capital Co., McDonnell Douglas Finance Corp., Westinghouse Credit Corp., Foothill Group Inc., Greyhound Financial Corp. and Household Finance Corp.. All told, these units have issued about $45.2 billion in public debt; aircraft loans make up about $3.4 billion of their total portfolios.

The Fitch report says the first five companies are expected to feel the most impact. But the aircraft glut is not yet likely to put pressure on their credit ratings, the analysts said. "Ratings are usually projected over a three-year period, and we perceive this glut to be a short-term problem," Ms. Stroker said.

Signs of Strength Curtail Rally

Hopes for Lower Rates Fade With Healthier Economy

Compiled by Our Staff From Dispatches

NEW YORK — Bad economic news cheered the bond market early last week, but the gains eroded as indications of strength in U.S. output materialized.

The bellwether 30-year Treasury bond rose to 100 25/32 late Friday from 99 31/32 a week before, lowering its yield to 8.06 percent from 8.13 percent. But the bond touched yields of less than 8 percent earlier in the week.

"Initially, we had great optimism," said Robert Brusca, chief economist at Nikko Securities Co. "The market became a little more cautious as some industrial reports looked strong," Mr. Brusca said.

When a revised government report Wednesday showed the U.S. gross national product fell 0.1 percent in the second quarter, instead of rising 0.4 percent as previously reported, the bond market rallied. Further weak news Thursday of a 0.1 percent decline in personal income and an 8.5 percent fall in new home sales, both in July, also boosted the bond market.

But Treasury note and bond prices slumped Friday following reports showing large rises in the index of leading economic indicators and factory orders for July, as well as an outlook for an improving economy by corporate purchasing managers in the Chicago area.

"The bond market's confidence has not been critically arrested," Mr. Brusca said. "It was just that discretion was the better part of valor."

He said the rises in factory orders and leading indicators should not have come as a surprise. Most of the strength shown in those reports was attributable to a huge rise

U.S. CREDIT MARKETS

in July orders for durable goods, an increase reported a week earlier.

"The durable-goods numbers were the big factor in the rise in leading indicators and factory orders," said Mr. Brusca. "It's almost as if we are triple-counting durable goods."

John Kightlinger, vice president at Piper Capital Management in Minneapolis, said, "Every week investors need to have confirmation that inflation is not going to run away. They need to get a hint every day. It's short sightedness."

Hugh Johnson, chief economist at the First Albany Corp. in Albany, New York, said, "The bond market's done well, and one of the reasons was the revision on the second-quarter GNP. The prevailing view is simply that if the economy is recovering, it's barely clearing the trees."

"What drove the bond market for the first three days was discussion the Fed might have to lower rates," Mr. Johnson said.

Traders speculated that bad economic news would force the Federal Reserve Board to lower interest rates in an attempt to get the economy moving.

The bond market still was shuddering from the disclosures about Salomon Brothers Inc., which admitted it had made illegal bids at four note auctions. Nevertheless, Tuesday's Treasury note auction, the first since the Salomon revelations went smoothly.

There were $12.5 billion of two-year notes sold at an average yield of 6.46 percent, down from an average rate of 6.94 percent at the last two-year note sale, on July 23. This was the lowest yield on a new two-year note since the March 24, 1987, auction when the rate was 6.43 percent. *(UPI, NYT)*

U.S. Consumer Rates

	Aug. 30
Tax Exempt Bonds	
Bond Buyer 20-Bond Index	6.97 %
Money Market Funds	
Donoghue's 7-Day Average	5.31 %
Bank Money Market Accounts	
Bank Rate Monitor Index	5.02 %
Home Mortgage, FHLB average	n.a.

Source: New York Times Service, UPI.

U.S. Treasury Bonds

Aug. 30

Maturity	Close Bid	Ask	Yield	Wk-ago yield
31.07.93	100 1/32	100 2/32	6.36	6.42
15.05.94	100 18/32	100 20/32	6.66	6.77
31.07.96	99 20/32	99 22/32	7.34	7.37
15.07.98	103 3/32	103 5/32	7.66	7.70
15.08.01	100 13/32	100 15/32	7.81	7.87
15.08.21	100 24/32	100 26/32	8.06	8.13

Source: Salomon Inc.

Pakistani Co-Op Begins to Return Public's Savings

Compiled by Our Staff From Dispatches

LAHORE, Pakistan — Hundreds of worried depositors lined up outside the offices of a large private finance company here Sunday to get their savings back amid an outcry over alleged large-scale misappropriation of investments.

The scandal involves about 200 cooperative finance corporations, which are accused of embezzling deposits worth millions of dollars in the populous Punjab province. The cooperatives are run by members of the ruling party and have stopped paying depositors or sought government help.

Prime Minister Nawaz Sharif ordered partial repayment to small-account holders and asked provincial ministers to help people recover their savings. The National Industrial Cooperative Finance Corp., one of the biggest cooperatives, began paying first installments to hundreds of depositors who swarmed its offices, witnesses said.

The cooperatives attracted many people with interest rates of up to 24 percent a year. *(AFP, Reuters)*

WALL STREET REVIEW

Figures as of close of trading Friday, Aug. 30.

NYSE Most Actives

	Vol.	High	Low	Last	Chge.
TelMex n	127163	38¼	33¼	37⅛	+3⅞
AMD	121282	12⅝	11¼	12⅜	+ ⅞
USXMar n	96064	33	30½	32¾	+1⅞
AT&T	83672	39⅛	38½	39	— ⅛
PepsiC	77614	33⅜	32	32⅜	—1
IBM	73570	97⅛	94	96⅞	+2
PhilMr	73443	74⅞	72¾	74⅛	+1
Salomn	72871	26¼	24¼	25¼	+1½
RJR Nb n	71804	12½	12	12¼	+ ⅛
Unisys	71281	5⅝	5	5⅜	+ ¾
TritEng	65124	47⅛	36½	38⅛	—8¾
ToyRU	62682	36	33⅛	35⅝	+2⅜
Limitd	58540	29	27½	28⅝	+ ⅞
Syntex s	58157	47⅝	43⅛	44¾	—1¾
CntlBk	51831	15	11⅛	12⅝	—2⅜
AmExp	51704	27½	25⅜	26½	+ ⅝
WalMt	49529	50⅛	48⅝	50⅝	+1½
FstUC	49458	27½	26¼	26¾	
GTE	48302	30¼	29⅛	30	+ ⅜
Boeing	47422	50¼	47¾	49⅝	+1⅛
GnMotr	45178	39	37	38	+ ⅛
WstgE s	43474	24⅝	23	24	— ¼
Upjohn	42675	45¼	43⅝	44½	+ ¼
GenEl	38873	75⅛	74⅛	74⅞	+ ⅛
OcciPet	38248	25¼	24½	24¾	+ ⅛

AMEX Most Actives

	Vol.	High	Low	Last	Chge.
ForstL s	46382	41⅞	34⅞	36⅝	—4⅛
BoltPh	36510	8½	5¾	7½	+2
DowC rt	28728	9¼	8¾	8⅞	+ ⅛
Harken	28540	6¾	5⅞	6⅛	+ ½
BAT In	27604	11⅞	11¼	11⅞	+ ⅛
Biophm	26731	1¾	½	1⅞	+1⅛
AMed	14202	9⅝	9⅜	9⅝	
GiantFd	13754	25¼	22	23	—1⅛
EchoBy	13495	8⅛	7¼	7⅞	— ⅛
PlnRsc	9268	18	16⅝	16⅝	— ¼
FruitL	8953	17⅞	17⅛	17⅞	+ ¾
Kirby	8354	15⅛	13¾	14¾	+ ¼
CornCr	8199	22½	20½	22⅜	+ ⅞
DelElc	8012	9⅛	6⅞	9	+2⅛
Hasbro	8003	27½	25⅞	27	+ ⅜
Chiles	6679	4⅝	4½	4⅝	+ ¼
ChDvA s	6499	30⅛	28⅞	29¼	— ⅝
MetMB	6447	20⅛	18¾	19¾	+ ¾
ENSCO	6352	2⅝	2½	2⅝	+ ⅛
RsoTch	6284	5¼	3	4½	+1½
ElcsNk wt	6230	10	9	9⅛	+ ⅛
TubMex	6214	10⅝	10¼	10⅝	+ ¼
Amdhl	6199	14⅛	13¼	13⅝	— ⅜
AExpl	6187	4⅛	3⅝	3⅝	— ½
DrPep pt	5877	11	10⅝	10⅝	+ ⅛

NYSE Sales

	Sales Vol.
Total for week	744,780,000
Week ago	1,009,240,000
Year ago	639,410,000
Two years ago	757,440,000
Jan 1 to date	29,980,650,000
1990 to date	27,054,270,000
1989 to date	27,240,410,000

AMEX Sales

	Sales Vol.
Total for week	65,528,000
Week ago	74,302,000
Year ago	58,680,000
Jan 1 to date	2,117,688,000
1990 to date	2,392,290,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1125	1267
Declined	815	687
Unchanged	334	319
Total Issues	2274	2273
New Highs	321	288
New Lows	28	63

AMEX Diaries

	This Wk	Last Wk
Advanced	451	410
Declined	347	392
Unchanged	181	182
Total Issues	979	984
New Highs	71	57
New Lows	32	42

New Money Is Suspect In Baghdad

Reuters

BAGHDAD — On a Baghdad street corner, a wizened watchman holds up a 25 dinar note against the blazing sun to search for the watermark that proves its authenticity.

The man, wearing the white headdress of a pilgrim to Mecca, is joined by two colleagues. Wads of Iraqi notes are raised for scrutiny in the sunlight.

Checking paper currency has become a way of life in Baghdad since Iraq accused Iran, Saudi Arabia and Turkey two weeks ago of buying up and burning old notes then flooding it with forged bank notes to sabotage the economy. All three countries denied the charge.

The government has issued lists of the numbers of what it says are fake 25, 50 and 100 dinar notes being churned out on a special press in Iran.

Not content with that, cashiers in hotels and restaurants also hold notes against electric lights. They refuse to accept them if they cannot see a watermark, particularly the horse's head profile on the widely used 25 dinar bill.

Iraq introduced new 25, 50 and 100 dinar notes shortly after it invaded Kuwait in August last year.

Suspicious citizens quickly try to change any new notes they receive for old five- and 10-dinar bills. They fear larger denominations may be withdrawn because of the reported forgeries.

The currency fears add to the misery of Iraqis after a year of sanctions. Runaway prices since Iraq's defeat in Gulf war make inflation impossible to calculate.

A large tin of powdered milk, common in any Iraqi home with children until recently, has shot up from from four dinars at the end of last year to 75 dinars now.

"It's so expensive I can't give milk to my children now," said Sammy George, a pediatrician.

The average monthly wage in the Iraqi capital is 150 dinars a month, the price of a large sack of flour that retailed at three dinars less than a year ago.

At official rates the Iraqi dinar is worth $3.10 but on the black market a dollar can fetch up to eight dinars and is climbing.

End to Cold War Trims Dollar's Status

By Jonathan Fuerbringer
New York Times Service

NEW YORK — In the long run, one of the casualties of the demise of communism in the Soviet Union could be the dollar.

Long the safe haven at times when the Cold War seemed in danger of heating up, the currency will no longer have the specter of communism to chase frantic investors its way.

This does not mean the dollar will fall immediately, according to Michael R. Rosenberg, manager of international fixed income research at Merrill Lynch in New York. He is holding to his forecast of 1.80 Deutsche marks to the dollar a year from now.

The hope for a recovery in the United States and the expected improvement in American inflation relative to Germany, he said, argue for a stronger dollar, when run though an econometric model. The dollar closed in New York at 1.7470 on Friday.

But he said he saw the trend changing in a statistical item that has been a relatively good mirror of dollar movements in the past — the total of United States military spending as a percent of the gross national product. For him, this measure is a proxy for the dollar's attractiveness as a safe harbor.

Since 1970, the dollar has risen as military spending increased as a percent of U.S. gross national product, and the currency has fallen when this measure declined. If changes in the Soviet Union mean elimination of the threat the West had faced since World War II, then military spending could continue to drop.

According to the Congressional Budget Office, military spending should fall from 5.5 percent of gross national product to 4 percent by 1996 under the current budget agreement. This means, Mr. Rosenberg said, that the dollar could move "decisively lower" by the mid-1990s.

The role of the dollar — and of the United States — as a safe harbor in time of political or economic turmoil has already declined as the world's financial markets have become more global and more open and investors, with the help of computers, have been able to move quickly from one currency to another or to gold, stocks or bonds.

Meanwhile, the German stock market has reclaimed its lost ground after being hard hit by the Soviet coup. But the German economy still faces rising inflation and the threat of higher interest rates.

UBS Phillips & Drew in London is increasing its investment in German stocks, after 15 months of caution, because of the psychological boost expected from the definitive demise of communism in the Soviet Union.

For a play on the Soviet story, Guy Rigden, the director of strategy at UBS, said he liked the basics: food, detergents and communications. This means investing in stocks such as Ferruzzi Finanziaria SpA in Italy, the giant dealer in grains and other commodities, and Henkel KGaA in Germany, maker of consumer goods such as detergent.

Given the immediate needs in the Soviet Union, these kinds of stocks should get a lift, he said, "if things go well or just moderately well there." He cautioned, though, "If things go badly, no one is going to do well."

Michael Howell, chief strategist in London for Salomon Brothers Inc., said there are few good plays to make on the Soviet drama. He said domestic issues would continue to dominate stock markets.

But he has a stock that should move with the domestic rhythms he is watching and still dance with the change in the Soviet Union.

It is BSN, the French food and beverage company. That company would benefit from the declining inflation in France while taking advantage of the demand for food in the Soviet Union.

Data Storage Advance: Optical Tape

By Barnaby J. Feder
New York Times Service

NEW YORK — The search for the best way to store the massive amounts of data generated by the world's computers has entered a new phase. The most popular systems for large computer users these days are magnetic tape cartridges similar to those used in videocassette recorders.

The tape cartridges have recently lost some ground to higher-capacity, laser-based compact disks, similar to those used to record music and movies.

Now comes a marriage of these two technologies: laser-based tape systems. Such optical tape systems can store on a single 12-inch reel the same amount of data that goes on nearly 170 12-inch compact disks or 5,000 magnetic tape cartridges.

The cost: just 1 cent per megabyte of data, making optical tape less than half as costly to use as standard magnetic tape and less than one-fifth as costly as compact disks.

And because information is "written" onto optical tape and "read" using concentrated light beams instead of through physical contact with magnetic heads, optical tapes are less likely to be damaged by repeated use.

Crea Products Inc. of Burnaby, British Columbia, is the only company now marketing an optical tape system. ICI PLC of Britain is the pioneering supplier of the tape, which it has confusingly named Digital Paper to highlight its flexibility and the ease with which it can be cut into various sizes and shapes.

Other manufacturers, including the Dow Chemical Co., are already test-marketing competitive tape for use with lasers, and other equipment suppliers are expected to enter the market.

The two-year-old Lasertape Systems Inc. of Campbell, California, has announced plans to bring to market next year a system that would cut the cost of optical tape in half while making it easy to use with existing automated magnetic tape handling systems.

Lasertape is designing an optical subsystem to replace magnetic equipment in the drives that write data onto the most widely used size of magnetic tape. It will offer its $25,000 optical drive along with optical tape packages that fit the standard 3480 magnetic tape cartridges used with IBM computers.

Its new optical tapes would cost one-fifth as much to use as magnetic tapes and have 100 times the capacity, according to Lasertape.

ICI has also worked with Bernouli Optical Systems of Boulder, Colorado, to develop a prototype for a standard 5.25 inch-sized disk storage system using digital paper instead of the rigid polymers used in compact disks.

Another research project is aimed at using square centimeter-sized bits of digital paper to put laser-readable identification tags on industrial tools.

"Digital paper is a term that reflects a concept of where we think this is going," said David Owen, ICI's manager for development of the product in the United States.

While ICI expects optical tape to compete with conventional magnetic tape as well as rigid optical disks in many applications, it also expects the systems to provide such cheap data storage that they will replace plenty of paper and microfilm as well. Mr. Owen, who is based in Wilmington, Delaware, foresees hundreds of millions of dollars in sales.

TAIWAN: *Government Alarmed by Ties With China*

(Continued from first finance page)

total of $1.74 million to China in the week since the service was started, the official press agency said.

Transfers of money to relatives and other recipients in China have surged since Taipei eased restrictions on travel to the mainland in the late 1980s.

Before the post office service was launched on Aug. 23, remittances were handled only by the state-owned Hua Nan Commercial Bank, which said it had transferred about $37 million since May of 1990.

■ Overseas Steel Issue

Taiwan plans to sell shares of state-run China Steel Corp. in New York or London next year in the first foreign share issue by a Taiwanese company, Reuters reported from Taipei.

The government will sell 1.05 billion China Steel shares worth about 35 billion Taiwan dollars ($1.3 billion) in 1992 as part of government efforts to privatize state firms, the Commission of National Corporations said Saturday.

"We plan to float some of those shares in New York or London to avoid dumping them all in the local stock market, which could depress prices," said Wang Chung-yu, a commission spokesman.

Taiwan's stock market has fallen sharply in the past few months, largely because of worries that big sales of stock by state-owned companies and new commercial banks will drain liquidity from the market.

Mr. Wang said officials had not yet decided what proportion of the China Steel shares would be sold abroad. Another commission official said China Steel would apply to be listed on the stock exchange in New York or London.

Next year's sales will cut the government's stake in China Steel to about 75 percent from 90 percent at present, Mr. Wang said.

Mr. Wang and securities analysts said the stock sale would be the first overseas by any Taiwanese company, state-owned or private. Several private concerns have issued convertible bonds in Europe.

BONDS: *More Rate Cuts in Store? Markets Wonder*

(Continued from first finance page)

accounting for inflation — much higher in Europe, the potential gains to be made from falling yields and rising bond prices seem highest in Europe. Yields there range from 4 to 6.25 percent, well above the 3.5 percent real yield in the United States and the 2.625 percent in Japan.

But this is where views on exchange rates become so important. If, as Citibank's Mr. Chertkow thinks, the dollar resumes its climb and settles at around 2 DM by early next year, foreign holders of dollar bonds would be looking at real bond yields enhanced by a 14 percent gain on the currency's appreciation. On the other hand, if Swiss Bank Corp.'s Mr. O'Neill is correct in expecting the dollar to weaken from current levels through year-end, European bonds should outperform the dollar market.

The new issues scheduled to be marketed this week should give some clue as to how investors assess the outlook.

The French Treasury on Tuesday will auction up to an additional 500 million European currency units of its 11-year bond carrying a coupon of 8½ percent.

Spain is also expected to offer up to 1 billion Ecu of new bonds.

In the Euroyen market, Nippon Telegraph & Telephone is expected to raise 50 billion yen.

Euromarts At a Glance

Eurobond Yields

	Aug. 28	Aug. 21
U.S. $, 8 yrs & over	8.73	8.69
U.S. $, 5 to 7 yrs	8.18	8.17
U.S. $, less than 5 yrs	7.24	7.25
Pounds sterling, less than 5 yrs	11.33	11.29
French francs, less than 5 yrs	9.63	9.67
Ital. lire, less than 5 yrs	11.98	12.11
Danish kroner, less than 5 yrs	10.12	10.12
ECU, 8 yrs & over	9.12	9.21
ECU, 5 to 7 yrs	9.19	9.28
Can. $, less than 5 yrs	10.12	10.21
Aus. $, less than 5 yrs	11.52	11.55
N.Z. $, less than 5 yrs	10.78	10.76
Yen, 5 to 7 yrs	7.06	7.10
Yen, less than 5 yrs	7.33	7.31

Source: Luxembourg Stock Exchange.

Weekly Sales

Aug. 29

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	323.80	460.40	1,880.50	659.80
Convert.	0.20	—	14.80	—
FRNs	45.00	86.70	50.00	569.30
ECP	3,044.60	1,185.70	10,556.30	2,445.70
Total	3,413.60	1,732.80	12,501.60	3,715.30

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	6,373.60	15,096.80	21,082.30	20,187.70
Convert.	167.90	439.20	581.50	537.30
FRNs	2,823.60	795.10	4,959.70	2,478.60
ECP	3,948.00	2,557.00	2,377.80	3,895.20
Total	13,313.00	18,888.10	29,001.30	27,018.80

Source: Euroclear, Cedel.

Libor Rates

Aug. 30

	1-month	3-month	6-month
U.S. $	5 11/16	5 11/16	5 13/16
Deutsche mark	9 3/16	9¼	9 7/16
Pound sterling	11 1/16	10⅞	10 11/16
French franc	8¾	9 7/16	9½
ECU	9¾	9 13/16	9 15/16
Yen	7⅛	7¼	7

Sources: Lloyds Bank, Reuters.

INTERNATIONAL RECRUITMENT

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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Aug. 30.

A

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A&W Bd	.40	1.3	1208	33¾	31½	31¾	—1½
ABS	.32	3.8	260	8½	7⅝	8½	+1
ACC Cp	.16	1.6	1765	10¾	9⅝	10	—½
ADC			4400	27½	25¾	27	+⅞
AEL			28	5⅝	5¼	5½	
AEP			21	12¾	12	12¾	+¾
AESCp			2686	27¼	24½	26½	+1¾
ASK			5215	10¼	9⅝	9⅞	+¼
AST s			23340	30¼	27½	29½	+1½
AarnRt	.10	.9	1151	11	10¼	11	+1
AbingB			267	3¾	3	3¾	
Abrams	.20	5.3	3	3¾	3¾	3¾	+¼
Accel	.24	3.2	869	7½	7	7½	+¾
Acclaim			19416	4¾	2⅝	4⅞	+1⅞
Aceto	.28	2.2	2214	13	12	13	+½
ACMT			2	10¾	10¾	10¾	—1¼
AcmeSt			190	13¾	12¾	12¾	—¼
ActARt			5202	1⅞	¾	1⅞	+¾
Acxiom			358	14⅞	13½	14¾	+1¼
AdacLb			6050	1⅝	1¼	1⅜	—⅛
Adage s			129	8¾	7¾	8¾	+¼
Adapt			5701	15	13¼	14½	+¾
Adinet s			1019	8	6¾	7⅛	—½
AdiaSv	.16	.8	110	22	21	21¼	+¼
AdobeS	.32	.6	29495	53	50	50⅝	—1⅜
Adtec			261	2¾	2¼	2⅜	
AdvRas			515	10¾	9¼	9⅝	—⅛
AdvCir s			335	7⅝	7⅛	7¼	+⅛
AdvLog			4205	15	13½	14	+½
AdvMag			115	25½	22	25¼	+1¾
AdMkSv			1160	2¾	2	2½	+½
AdvPoly			2244	5⅞	5⅜	5⅝	+⅜
AdvPro			1843	7½	6⅝	7	—¼
AdvSem			426	3¾	3½	3½	
AdvTel			7749	19¾	18½	18½	
Advanta	.20	.7	3196	27¾	25¾	26¾	+⅞
AdvoSy			2203	19⅞	19	19⅝	—⅜
Aegon	1.63r	2.8	205	60¼	59	59	—⅜
Aequitrn			1084	2⅞	2½	2⅝	+½
AerSysI			415	⅞	¼	½	
Aerovx			858	6½	5⅜	5½	—⅜
AffBcCo			975	⅝	½	⅝	
AllBsh	.40	1.8	1170	22½	21⅜	22⅛	—⅜
AgSvcs			388	8¾	8¼	8¼	—¼
AgencyR			11059	11¾	10⅞	11½	+½
Agnico g	.20	4.8	1413	4⅜	4⅛	4⅛	—⅛
Agourn			338	16¾	15	15	—1
Ahold			277	41⅜	40¾	41¼	+⅜
Alcorp			1426	6⅛	5	5¾	+⅞
AirWisc			2769	9¼	7⅝	8⅞	+1½
Airtran	.20	2.0	462	10⅛	9⅜	10⅛	+⅝
Akorn	.07	3.5	511	2⅛	1⅞	2	
Akzo	1.37e	4.4	2077	31⅞	30⅝	31	—⅛
Alaten	1.10	6.8	36	17	16¼	16¼	—¼
Aldus			9116	40½	36¾	38¼	—1¾
AlexBr	.28	1.4	5770	19⅞	18¼	19½	+½
AlexBld	.88	3.3	5277	27¾	26⅜	26¾	—1
AlexEn s			250	5¾	5¼	5¾	+⅛
AlfaCp	.44	3.5	200	13½	12¾	12¾	—⅛
AllasR			2029	22¾	21¼	22½	+¾
Alico	.15	.6	131	23¾	22	23¾	+1
Alkerm			5252	16	12½	15¼	+2
AllAm s			36	⅝	⅝	⅝	—⅛
AllCity			62	5⅞	5⅞	5⅞	
AlegW			422	4⅞	4⅝	4⅜	
AlnOrg	.40a	1.3	46	32	31	31½	+1½
AllonPh			9943	20¼	15½	16⅞	+2⅜
Alliant h			414	⅞	⅜	⅝	+⅛
AlldBk	.32	4.2	29	7⅝	7⅛	7⅝	—⅛
AlldCap	1.29e	8.1	206	16¼	15½	16	
AldColl	1.00e	6.4	1189	16¼	15¼	15⅝	
AlldCl			545	26	25¼	26	+¼
AlldGp	.56	3.1	326	18¾	18	18¼	—⅜
AlldRsh			840	15	13½	13¾	—1⅜
AllstFn			821	14⅞	13⅝	13⅝	
Allwst			13451	6	5¼	5⅝	+⅜
Aloette	.32	2.2	631	14½	12½	14¼	+1¼
AlpMic			65	2¾	2⅜	2¾	+¼
Alphari			1413	2⅝	2⅛	2⅝	
AlpLce			641	7¼	6¾	6¾	—¼
AlloGld			1957	⅝	⅝	⅝	
AltaHlt			7631	12¾	12	12¾	+⅝
Altai			29	5	3½	3½	
Altera			13369	24⅛	22¾	23⅜	+⅝
Altron			601	5⅞	5	5½	+⅜
Amvest			1339	2⅛	1⅜	1⅞	—⅜
AmcarF	.56	3.4	107	16½	16¼	16½	+¼
Amrian	.56	4.6	625	12½	11¾	12¼	
Amerbc			519	1⅜	1¼	1¼	—⅛
AFFMt2	1.98e	29.9	1445	6⅞	6⅜	6⅝	—⅛
AFFF	1.50	7.0	953	21½	20¾	21½	+⅜
AmFPr	1.30	13.7	30	10	9½	9½	—⅜
AFTxE	1.00	12.5	362	8¼	7¾	8	—⅛
AFTxE2	1.28	19.0	269	7⅛	6¾	6¾	—⅛
vlAWAirl			3877	3½	2¾	3	—⅛
AmBcp	1.00e	5.7	3	17½	16½	17½	+¼
ABnkr	.60	3.8	1000	16	15⅛	16	+¼
AmBiod			1112	10	9⅛	9¾	+⅜
AmCity			156	19	17¾	18½	+¾
AClam			650	14	12¼	14	+1⅝
AColoid	.44	4.9	356	9¾	9	9	
AConsu			175	3⅝	3	3⅝	—⅛
AmDnlt			2048	12½	10½	10⅞	—1½
AmEcol			1121	19⅛	18½	19⅛	
AFSvDu			15	5⅛	5⅛	5¼	—⅜
AFilm			1505	3¾	3¼	3⅜	—⅜
AFilmn	.94	4.6	108	21½	20	20¼	—1¼
AGreet	.78	2.4	7350	33½	32½	32⅞	+⅛
AHltSv			540	1⅛	1⅛	1⅛	—⅛
AHltcp			2947	11½	11	11	—⅛
AIndF	.08	1.1	71	7¼	7	7	—½
AmInfo			708	5⅞	5	5½	—⅛
AmLck			5	3½	2¾	3½	+½
AMS			3365	22¾	19½	22	+1¾
AMedE s			12500	14¾	12	14¼	+2
ANtlns	1.72	5.1	142	34	33¾	34	+⅛
ANuclC			1820	3⅞	3⅜	3⅝	+⅛
AmNurs			278	⅞	¾	¾	+⅛
AmPac			546	11¾	10⅝	11	+⅜
APhyG			367	2¼	1⅞	2⅛	+⅛
APwCv s			3151	28¾	27¼	27½	—1
ARepBc			40	5	4¾	4¾	—1
AmRice			67	⅞	⅞	⅞	+⅛
ASoft	.28	2.3	4843	12¾	12	12¼	—⅛
AmSlf			1152	2⅝	2	2⅛	—½
ATvCm			3813	45¾	43¾	44¾	+1
ATrav s			1401	14¾	14¼	14⅝	
AVang			154	7⅜	7⅛	7⅛	+⅛
AWood			291	4⅛	3¾	3¾	—⅜
AmAli	.21e	4.8	545	4⅝	4¼	4⅜	—⅛
Amerifr	.64	2.3	18494	29½	28	28⅛	—1¼
Amgen			23674	164	149½	153⅝	+9⅝
Amistar			99	1¼	1	1⅛	+
AmtyBc			37	2½	2	2¼	+¼
Amoskg			244	13½	11½	12	+1
Ampicn			10	15	14¾	14⅞	
Amserv	†		67	3¼	3⅛	3¼	+⅛
AmtcCp			6821	18½	17	18¼	+1
Anlogic			955	11⅝	11	11⅝	+⅛
AnalyTc	.19	2.0	12	9⅝	9⅝	9⅝	
Analy	.56	4.1	320	15	13¾	13⅝	—⅛
Anangel	1.08e	6.2	4224	16½	15⅜	16⅞	+⅞
Anaren			213	3⅝	3⅛	3⅜	—⅛
AnchBc			1986	3⅝	3	3⅝	+¼
AndrGr			41	7½	6½	7½	+¾
AndvBc			298	3½	2⅞	3⅜	+⅛
AndvTg			241	4¾	3⅞	3⅞	+⅞
Andrew			1223	35½	34¼	34¾	
Andros			163	8	7⅛	7⅞	+⅛
Apertus			151	1⅝	1⅜	1⅜	—⅛
ApogEn	.26	1.9	761	14½	13	14	+1
Applan			7270	⅝	⅝	⅝	
AppleC	.48	.9	43663	54⅛	52¼	53	
Applebee	.04e	.3	840	11¾	9½	11⅜	+2¼
ApdExtr			932	10⅛	10¼	10¾	+⅛
ABiosc s			1547	38	36	37½	
ApldBio			2070	12¼	11¼	11½	—½
ApldImu			2923	17½	15¾	16½	+1
ApldMt			6416	32½	29¾	29¾	
ApldPw	.12	.8	2114	16½	15½	16	+⅜
ApldSlr			170	5½	4½	5	+⅜
ArabSh			8	2	1⅞	1⅞	
Arbor s	.14	.7	1858	20	18½	19½	
Archive			4293	4¼	3⅝	3¾	—½
Arctco			1139	10¼	9⅝	10	—⅛
Arden			2	43	43	43	+4
ArgoGp s	.68	2.7	1814	26¼	25	25	—½
Aritch			86	3⅞	3⅛	3¼	—⅛
ARIX			2002	⅝	⅝	⅝	+
ArkaFt			232	33½	32	33½	+¾
Armor	.48	4.3	244	11¾	10¾	11¼	+¼
Arnold s			1815	30⅞	28½	30½	+¾
ArowFn	.28i		352	6⅝	6¼	6¼	—⅛
Artel			177	1⅞	1½	1⅞	+⅜
ArtistG s			6484	16¾	14	16	+1⅜
ArtWay	.40	3.4	34	11¾	11	11½	+⅜
Ashton			30855	16½	15⅛	16½	+¾
Asiamr			624	4⅞	4	4⅛	
AspctTl			600	7¾	7	7½	+¼
AspenBk			383	8⅝	7⅞	8	—⅛
Aspnim			1212	2¼	1¾	2⅛	+⅛
Assix			661	2⅜	2⅛	2½	—⅛
AsdBnc	.80	2.9	350	28½	26¾	27½	—⅛
AsdCmA s			1786	18½	15⅝	17¼	+1½
AsdCmB s			742	18½	15½	18½	+2¾
Astec			70	4¼	4	4⅝	+⅜
AstrM s	.03e	.2	973	17	14	17	+2¾
Astron			161	3	2⅜	2⅞	+⅜
Astrosy			389	3¾	3⅜	3¾	+¼
Atek			21	3¼	3	3	+⅛
Athey			100	5¼	4½	5¼	+¾
Atkinsn			129	8	7	7¾	—⅛
Atlntd	.40b	5.0	4	8	8	8	—1
AtlAm			303	1⅜	1⅛	1⅜	+⅛
AtlSeAr	.60	1.8	1309	34¾	32¼	33½	+1
Atmel			5853	13⅞	13⅛	13½	
AtwdOc			2110	9⅛	8⅝	8½	—½
AuBon			12934	12¾	11	12	+¾
AuraSy			12668	7⅝	6⅞	7¼	—⅛
AutTrT	†		260	1⅞	1⅜	1⅝	+⅛
Autolnt			2827	5¼	4⅝	5⅛	+⅜
Autoclv	.24	3.2	437	8¼	7⅝	7½	—⅛
Autodk	.48	1.0	16932	48⅝	46¾	48¼	+⅛
Autodie			51	2¾	2	2½	+¼
AutSec	.22e	3.5	6740	6½	5⅝	6¼	+⅛
AutoCp	†		37	12½	11½	12¼	+¼
Avmick			2190	4¾	4⅛	4¼	—⅛
Avalar			163	22¾	21¼	22¾	+¾
Avndle			200	3	2¾	2¾	—⅛
Aztar			12535	7⅛	6⅜	6⅞	—⅛
AztcM	.10b	2.5	114	4	3½	4	+½

(Continued on next page)

BUSINESS BRIEFS

Daimler Said to Underpay for Land

BERLIN (Reuters) — Daimler-Benz AG paid 47 million Deutsche marks ($27 million) too little for a piece of land on Berlin's Potsdamer Platz, according to a report from an independent committee.

Excerpts of the report were published Saturday in Berliner Morgenpost. The newspaper said Daimler-Benz paid 93 million DM to the city government for the 61,000-square-meter (655,900-square-foot) property. But the real value of the property was 140 million DM, the paper said.

The committee was set up at the urging of the European Community's executive, the newspaper said.

VW Cuts Output at Skoda Venture

PRAGUE (Reuters) — Skoda-Volkswagen is cutting car production and introducing a four-day working week for the month of September, the independent daily Rude Pravo reported on Saturday.

The announcement was made by the vice president of the Czechoslovak-German joint venture, Volkhard Köhler, who blamed poor domestic sales of the Skoda Favorit model, the paper said. Only 30,000 Favorits have been sold locally this year, compared with 123,000 last year.

Hungarian Bus Maker Reorganizes

BUDAPEST (Reuters) — The new owners of Hungary's Ikarus bus company reorganized the concern on Saturday as a joint stock company, the State Liquidation Agency said.

Under a plan agreed upon in July, the Soviet trading company ATEX was to pay $50 million for a 30 percent stake in Eastern Europe's leading bus maker. Hungary is putting assets of 7 billion forints ($100 million) into the revamped company, Ikarus PLC, and intends to maintain a majority stake for now.

Tokyo Assails Nomura for Crime Tie

TOKYO (Reuters) — Nomura Securities Co. is suspected of aiding an organized crime leader by manipulating stock prices, a senior Finance Ministry official said on Saturday.

Nobuhiko Matsuno, director general of the securities bureau, said in a legislative committee meeting that his agency suspected the brokerage of intentionally driving up share prices of Tokyu Corp., a railway company. He said Nomura started to recommend Tokyu shares to investors "after someone with connections to organized crime had already purchased them." He referred to Susumu Ishii, a former crime syndicate boss.

Turner Seeks to Buy Hanna-Barbera

HOLLYWOOD (LAT) — Turner Broadcasting System Inc. has entered into exclusive negotiations to acquire Hanna-Barbera Productions Inc., the animation company that has the rights to the Flintstones, the Jetsons, Yogi Bear and other cartoon characters.

Great American Communications Co. of Cincinnati, Hanna-Barbera's parent, announced Friday that it had signed a letter of intent with Turner. The purchase would be made by a joint venture of Turner and Apollo Investment Fund, a Cayman Islands-based company.

Law Firm Quits Salomon Inquiry

NEW YORK (NYT) — Salomon Brothers has announced the resignation of the law firm that had been conducting an internal investigation of the firm's trading violations in the Treasury securities market.

Wachtell, Lipton, Rosen & Katz had been hired in July to conduct an internal investigation of one bidding violation and apparently knew that Salomon's top managers had been aware of the rule violation since April, but had not reported it to the Treasury Department.

For the Record

A U.S. judge cleared the way for Greyhound Lines Inc. to emerge from bankruptcy proceedings. Under the reorganization approved Friday, the intercity bus operator would become a public company and would repay creditors 37 cents on the dollar on $539 million of debt. *(NYT)*

Dutch insurance brokers have ended a boycott against the insurer Nationale-Nederlanden NV, the Volkskrant newspaper reported Saturday. The brokers began the boycott in December to protest against Nat-Ned's merger with NMB Postbank Groep NV. *(Reuters)*

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

The Amsterdam Stock Exchange posted slight gains during the week, with the CBS all-share index closing at 199.30 points, up from 198.80 the previous Friday.

Volume fell to 5.1 billion guilders, of which 2.1 billion was in equities. Turnover the previous week was 9.7 billion guilders with 4.3 billion in equities.

Investors focused their attention during the week on the release of first-half results by Dutch companies.

Frankfurt

Share prices posted solid gains in Frankfurt as interest shifted away from the turmoil in the Soviet Union to domestic factors such as inflation, interest rates and the German federal budget deficit.

Stocks were boosted by Wall Street's good performance and the stabilization of the mark on foreign exchange markets.

The DAX spot trend indicator finished the week at 1,650.50 points, a gain of 23.26 points or 1.43 percent on the week. The Commerzbank indicator added 33.90 points to 1,928.90.

Volume on the eight German stock exchanges was a low 19.98 billion Deutsche marks for the week, down from 36.11 billion DM the previous, four-day trading week.

The automobile sector was firm with Daimler-Benz gaining 10.50 DM on the week to end at 756.30. Volkswagen rose 17.80 to 383, BMW was up 2.50 to 526, and Mercedes gained 5 DM to 595.50.

Commerzbank rose by 0.30 DM, Deutsche Bank was up 1.50 DM and Dresdner gained 1.70 DM.

In bonds, the average rate on government issues dropped to 8.65 percent, against 8.72 percent a week earlier.

Hong Kong

Share prices lost ground on the Hong Kong stock exchange during the week following rumors that Chinese leader Deng Xiaoping had died.

The barometer Hang Seng Index lost 22.76 points, or 0.56 percent, during the four-day holiday-shortened trading week, to close Friday at 3,998.26 points.

Average daily volume was 1.4 billion Hong Kong dollars, down from the previous week's 1.5 billion Hong Kong dollars.

The market lost 39.06 points Tuesday on rumors that Mr. Deng had died. China denied the rumors. The index failed to recoup its losses Wednesday, dropping 13.82 points, and it shed 7.91 points on Thursday.

Share prices recovered some ground Friday on bargain-hunting, with the Hang Seng index gaining 38.03 points.

London

The situation in the Soviet Union took a back seat on the London stock exchange as resurgent confidence in the British economy and British companies helped send share prices to record highs.

The Financial Times-Stock Exchange 100-share index gained five points during the week, to close at 2,645.70, a record. The FT-30 index gained 10 points, to 2,079.30.

An report by the Organization for Economic Cooperation and Development that predicted Britain would emerge from recession by the end of the year helped send stock prices higher, as did opinion polls showing a recovery by the ruling Conservative Party.

A one-for-four rights issue by Ladbroke was well received. The leisure company's shares advanced 14 pence, to 284, despite a 38 percent fall in first-half profit.

Brent Walker lost 3.5 pence after it invited the government's fraud office to open an investigation. It was revealed Friday that last year's losses had been understated by more than £100 million.

The soft drinks and candy companyCadbury Schweppes gained nearly 10 percent on rumors U.S. giant Philip Morris was about to launch a bid. Similar rumors sent United Biscuits higher.

Milan

Share prices posted moderate gains on the Milan stock exchange during the week despite the pall cast over the market by a fraud case.

August settlement, which was to have taken place on Friday, was postponed because of the stock scandal in which the Swiss-based Banque Dumenil Leblé alleges it was bilked out of nearly $80 million dollars.

The MIB index closed at 1,080 points, a gain of 1.03 percent from its finish of 1,069 points the previous Friday. Volume plunged from a daily average of 160 billion lire the previous week to just 62 billion lire a day. The average number of stocks traded also fell, dropping from 53 million units a day to 21 million a day.

Among blue-chips, Fiat gained 0.83 percent, Montedison rose 0.29 percent, Ferfin was up 2.92 percent, Mediobanca gained 0.03 percent and Comit added 2.33 percent. Generali lost 0.68 percent and Olivetti lost 1.48 percent.

Paris

Prices posted moderate gains on the Paris Bourse as fears generally subsided about the political situation in the Soviet Union and investors turned their attention to the domestic economy.

The CAC-40 index closed the week at 1,864.26 points, a gain of 1.68 percent.

Analysts said investors remained cautious faced with the continuing unrest in the Soviet Union and potential risks to trade and investment.

The CAC-40 index rose 1.09 percent on Monday, wiping out most of the losses of the previous week sparked by the attempted coup in the Soviet Union.

Pharmaceutical stocks were sought on Friday after the government unveiled liberalized policies concerning pricing and research and development.

Singapore

Share prices finished higher in quiet trading on the Singapore stock exchange. The Straits Times Industrial Index gained 43.37 points, to close at 1,432.24.

Total volume was 195.47 million shares worth 386.3 million Singapore dollars.

The Singapore bourse took its direction from overseas markets and bargain-hunting and a strong rally in Tokyo helped push prices higher on Friday.

CSA Holdings led the most-active list, with a total of 13.35 million shares traded, followed by SEEL, with turnover of 9.8 million shares.

Tokyo

Share prices gained ground on the Tokyo Stock Exchange during the week on prospects of a cut in Japanese interest rates.

The turmoil in the Soviet Union and testimony by former senior Japanese brokerage executives in connection with a major stock scandal had little impact on the market, analysts said.

The 225-issue Nikkei Stock Average, which lost 749.03 yen the previous week, closed at 22,335.87 yen on Friday, a gain of 270.53 yen or 1.2 percent.

The broader-based Tokyo Stock Price Index rose 8.86 points to end the week at 1,732.10. It lost 32.7 points the previous week.

Volume shrank to an average 232.6 million shares a day, down from 322 million. The average daily value of stocks fell from 331.5 billion yen to 237.7 billion yen.

Investors were on the sidelines and the market was slow until Friday, when trading picked up on prospects of a cut in the central Bank of Japan's official discount rate — the interest rate charged on loans to commercial banks.

Analysts said a cut in the Japanese rate was likely with the United States expected to lower its official discount rate.

The Nikkei index gained 333.70 yen on Friday.

Winners during the week included electrical, steel, shipbuilding and oil company stocks.

Zurich

Banks and chemical issues helped push share prices higher on the Zurich stock exchange as the Swiss Performance Index closed at 1,122.50 points, up from 1,111.80 the previous Friday.

The SBS index closed at 633.30 points, up from 626.50 the previous Friday.

Foreign investors were active and volume rose.

Banks were sought in anticipation of inflation of less than six percent for the month of August and a possible cut in interest rates. UBS gained 40 Swiss francs to 3,600 and Credit Suisse added 80 francs to 2,060.

In the chemical sector, Ciba-Geigy and Sandoz were both higher on prospects of strong profits. CIBA gained 110 to 3,100 and Sandoz rose 70 to 2,340.

Springer's Profit Falls, It Shuts 2 Papers in East

Reuters

HAMBURG — The publisher Axel Springer Verlag AG, feeling the pressure from its expensive foray into Eastern Germany, said Saturday that it was closing two newspapers there and that its first-half profit had fallen steeply.

Springer closed the Leipziger Tagblatt and Norddeutsche Zeitung on Saturday. In Eastern Germany, it continues to publish the Hallesche Tagblatt, the Naumburger Tagblatt and the Dresdner Neueste Nachrichten.

The company said it had closed the Leipzig newspaper because all attempts to sell it had failed. It said publication of the Norddeutsche newspaper, published in Schwerin, was no longer economical because its circulation had dropped considerably. Springer recently closed the Berlin-based Der Morgen, where it continues to publish the Berliner Morgenpost.

Springer said that its group net profit for the first six months of this year had plunged by 58 percent, to 25 million Deutsche marks ($14.4 million), and that profit in the second half of the year would continue to be burdened by expensive investments. Much of these investments have gone into the publisher's costly battle to build circulation in Eastern Germany.

Profit for the full year 1990 was also off, Springer reported in June, down 29 percent, to 65 million DM.

For the first six months of this year, Springer's revenue, boosted by its growing eastern presence, grew by 8.4 percent, to 1.81 billion DM. Springer's core holdings are its Bild and Die Welt newspapers.

In another unfavorable earnings report Saturday, the Cologne-based engineering and agro-machinery maker Klöckner-Humboldt-Deutz AG said it had incurred a loss of 29 million DM in the first half of the year.

It blamed the economic slowdown in the United States and in most of Europe, as well as higher spending on research and development and on a new engine factory.

But KHD said it still predicted a profit in 1991, because it expected sales in the second half of the year to surpass those in the first half.

First-half sales, especially in after-sales service, were lower than expected despite a 17 percent increase in domestic sales, KHD said.

World sales in the period fell 2 percent, to 1.83 billion DM.

RULES: *Cleanup in Hong Kong*

(Continued from first finance page)

tures Commission, said the disclosure ordinance would be a handy alternative when the government is faced with a difficult insider trading case.

"Often you can't get them on insider dealing, but you can get them for not declaring," he said.

Hong Kong's financial community has generally welcomed the new regulations. Earlier, international brokers successfully lobbied regulators to soften the definition of insider trading by arguing that many of Hong Kong's listed companies are controlled and managed by majority shareholders who play a critical role as buyers of last resort.

During the 1987 plunge, for example, many of these shareholders shored up the market by buying their own stock. "If you simply imported overseas ideas without taking into account the role owner-managers play here as semimarket-makers, you would end up damaging the liquidity of the market and doing more harm than good," said Richard Margolis, managing director of the Smith New Court brokerage.

Others have criticized the insider-trading law for violating the common-law tradition that an accused offender is innocent until proven guilty. The new law, they argue, requires the accused to prove his innocence.

Nevertheless, observers said the new law will go a long way toward putting Hong Kong's small shareholders on a more equal footing with the major players.

"Now if you see a director beginning to unload his stock before some unfavorable results are announced," said one securities lawyer, "you've got him."

■ Market Watches Major

The Hong Kong Stock Exchange could be in for an unexpected jolt this week if Prime Minister John Major of Britain decides to rock the boat during his visit to Beijing, Reuters reported.

Mr. Major, whose three-day visit to Beijing begins Monday, will be the most senior Western leader to visit China since the 1989 crackdown on pro-democracy protests. Analysts said they fear that any demands that ruffle his Chinese hosts, such as the release of more political prisoners, could send the market into a tailspin.

The signing of an agreement on an airport for the British colony of Hong Kong, which reverts to Chinese rule in 1997, was to have been the focus of the visit. But Mr. Major's talks with President George Bush and planned meetings with Soviet leaders in Moscow have sparked fears he may bring a new agenda to China.

"Now it seems that Major is going as a representative of the G7 to bring requests for more democracy and openness in foreign trade," said Eugene Law, head of research at DBS Securities.

In Markets Worldwide, Volume Is Turned Down

New York Times Service

It was light in August — all year, in fact, in terms of market volume.

Outside the U.S. market, volume so far this year has been anemic. Hardest hit is Japan, where market scandals have combined with doubts about the pace of economic recovery to drive market volume down more than 38 percent since the first of the year, said Laszlo Birinyi of Birinyi Associates, a market research firm in New York.

In Germany, an ebbing of the euphoria over the demolition of the Berlin wall in December 1989 has curbed market activity. Even in the London market, which has been setting new highs, trading volume has increased only modestly.

That suggests that stock market strength "has come as a real surprise to people," Mr. Birinyi said.

All told, "the United States has had the largest volume increases of any market in the world, despite brokers' lamentations," he said, but the level of activity is "not keeping the phones busy."

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Aug. 30.

(Continued)

	Sales in 100s	High	Low	Close	Net Ch'ge
UnBnk 1.40 6.4	398	23½	21¾	22	−1½
UtdAmHlt	545	9¾	9	9½	+ ½
UAEn A	2429	13¾	13¼	13½	
UAEn B	2596	13½	13¼	13¾	− ⅛
UBWV .80 5.4	582	15	14	14¾	+ ¼

[illegible]

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, Aug. 30.

Option & price | Calls | Puts

[illegible]

Total Call Vol 158,540 Call Open Int 2,821,467 / Total Put Vol 111,917 Put Open Int 1,922,365 / r—Not traded. s—No option offered. o—Old. Last is premium (purchase price).

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, Aug. 30.

Option & price | Calls | Puts

[illegible]

Total Call Vol 55,833 Call Open Int 1,576,009 / Total Put Vol 39,562 Put Open Int 826,796 / r—Not traded. s—No option offered. o—Old. Last is premium (purchase price).

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(Continued From Back Page)

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MONDAY SPORTS

Lewis Anchors U.S. to World Relay Mark

By Christine Brennan
Washington Post Service

TOKYO — Wherever Carl Lewis went in the World Track and Field Championships, a world record was sure to follow. It happened in the 100 meters; it happened in the long jump, even if he didn't set it. And, Sunday night, it happened once more, in the lightning fast men's 4x100-meter relay.

The U.S. relay team, timed in 37.50 seconds, broke its own world record by shaving .17 seconds off the mark it set Aug. 7 in Zurich. The team of Andre Cason, Leroy Burrell, Dennis Mitchell and Lewis easily defeated former world record holder France (37.87) and Britain (38.09). Canada, with Ben Johnson running the leadoff leg, finished eighth and last in 39.51.

On the final day of competition at the world championships, the United States won one other gold medal — Charles Austin's surprising victory over Javier Sotomayor of Cuba and American Hollis Conway, both of who have been bothered by injuries, in the high jump.

But the United States was the victim of a stunning upset itself in the men's 4x400-meter relay when anchor Antonio Pettigrew, the new world champion in the 400 meters, was passed by 32-year-old Kriss Akabusi of Britain, bronze medalist in the 400-meter hurdles, in the final 15 meters. It was the first major loss for the United States in the men's 4x400 since the 1983 world championships.

The United States won the most gold medals, but the Soviet Union won the most medals overall: nine gold, nine silver and 10 bronze for a total of 28. The United States won 10 gold medals, eight silver and eight bronze, for 26. Germany won five gold, four silver and eight bronze.

The relays symbolized the United States's day. The U.S. women weren't even in the final of the 4x100 relay; they failed to pass the baton in the first round Saturday and were disqualified. In the women's 4x400, the Americans did as well as expected, finishing less than two seconds behind the favored Soviet Union for the silver medal.

For the men, it was part celebration, part explanation. The world record in the 4x100 re-affirmed that the United States possesses the best sprinters in the world, according to Lewis. But the loss to Britain in the 4x400 was a nagging reminder that bureaucracy within The Athletics Congress, the governing body for track and field in the United States, occasionally prevents the United States from putting its best team on the track.

Michael Johnson, the 200-meter world champion, has never lost in the 400 meters, was ranked No. 1 in the world in that event last year and has the fastest time in the world this year. In June, he decided to run just the 200 meters in the national championships, the trials for the world championships, because there was not enough time to rest between the 200 and 400. But he asked that he still be allowed to race on the 4x400 relay.

He was told no, so the U.S. 4x400 relay team didn't include the world's top-ranked 400-meter runner.

"I don't think I would change the system," said the U.S. men's coach, Tom Tellez. "I believe in athletes picking themselves for the team in competition. Everyone can speculate that with Michael Johnson or someone else, we might have won, but it's just speculation. The point is, the kids earned their spots."

But there's more to the story. The United States brought six 400-meter runners here, two to run the preliminaries to rest Pettigrew and Andrew Valmon, the top two on the relay team. One of those alternates, Gabriel Luke, injured his ankle last week, Tellez said. To substitute for Luke, Tellez chose Mark Everett, an 800-meter runner who ran in the qualifying round.

Tellez refused to say if he asked Johnson to run in the qualifying round. Tellez said he wanted to stick with the team picked at the nationals, but there is precedent for inserting a star into a relay. For example, the German team put sprinter Katrin Krabbe on its 4x400 team on Sunday.

Even so, the Germans finished third as Merlene Ottey at last led Jamaica to a gold.

In other events, Hiromi Taniguchi gave Japan its only gold medal of these championships with a clocking of 2 hours, 14 minutes, 57 seconds in the marathon; Noureddine Morceli of Algeria maintained his domination in the 1,500 meters and African runners swept the medals in the 5,000 meters, led by Yobes Ondieki of Kenya and his winning time of 13:14.45. Xu Demei brought China the women's javelin gold medal, with a distance of 68.78 meters.

In the men's 4x100, Lewis stumbled slightly as he took the baton from Mitchell, but he still stretched the lead he was given. The U.S. team featured the three runners who swept the medals in the fastest 100 meters of all time a week ago, as well as Cason, the world indoor champion at 60 meters.

"Everyone always criticizes the Americans for having poor exchanges and great speed," Lewis said. "Let's put that myth to rest."

The French team has trained together for years and held the world record of 37.79 for nearly a year before the U.S. team of Lewis, Burrell, Mitchell and Mike Marsh took it away.

"It's difficult for the French," Lewis said. "They were the team that supposedly showed the world everyone had caught up with the Americans. The French have spent a lot of time saying they have the fastest team in the world. Well, we put the stamp on the relay today."

Toshifumi Kitamura/Agence France-Presse
Hiromi Taniguchi, waving Japan's flag after his marathon victory.

The Champions

MEN

100: Carl Lewis, U.S., 9.86 (world record)
200: Michael Johnson, U.S., 20.01
400: Antonio Pettigrew, U.S., 44.57
800: Billy Konchellah, Kenya, 1:43.99
1,500: Noureddine Morceli, Algeria, 3:32.84
5,000: Yobes Ondieki, Kenya, 13:14.45
10,000: Moses Tanui, Kenya, 27:38.74
110 hurdles: Greg Foster, U.S., 13.06
400 hurdles: Samuel Matete, Zambia, 47.64
3,000 steeplechase: Moses Kiptanui, Kenya, 8:12.59
4x100 relay: U.S. (Andre Cason, Leroy Burrell, Dennis Mitchell, Carl Lewis), 37.50 (WR)
4x400 relay: Britain, 2:57.53
20K walk: Maurizio Damilano, Italy, 1:19:37
50K walk: Alexander Potashov, Soviet Union, 3:53:09
Marathon: Hiromi Taniguchi, Japan, 2:14:17
Long jump: Mike Powell, U.S., 8.95 (WR)
High jump: Charles Austin, U.S., 2.38
Triple jump: Kenny Harrison, U.S., 17.78
Pole vault: Sergei Bubka, Soviet Union, 5.95
Shot put: Werner Gunthor, Switzerland, 21.67
Discus: Lars Riedel, Germany, 66.20
Javelin: Kimmo Kinnunen, Finland, 90.82
Hammer: Yun Sedykh, Soviet Union, 81.70
Decathlon: Dan O'Brien, U.S., 8,812

WOMEN

100: Katrin Krabbe, Germany, 10.99
200: Katrin Krabbe, Germany, 22.09
400: Marie-Josee Perec, France, 49.13
800: Lilia Nurutdinova, Soviet Union, 1:57.50
1,500: Hassiba Boulmerka, Algeria, 4:02.21
3,000: Tatiana Dorovskikh, Soviet Union, 8:35.82
10,000: Liz McColgan, Britain, 31:14.31
100 hurdles: Ludmila Narozhilenko, Soviet Union, 12.59
400 hurdles: Tatiana Ledovskaya, Soviet Union, 53.11
4x100 relay: Jamaica, 41.94
4x400 relay: Soviet Union, 3:18.43
Marathon: Wanda Panfil, Poland, 2:29:53
10K walk: Alina Ivanova, Soviet Union, 42.57
Long jump: Jackie Joyner-Kersee, U.S., 7.32
High jump: Heike Henkel, Germany, 2.05
Shot put: Zhihong Huang, China, 20.83
Discus: Tsvetanka Khristova, Bulgaria, 71.02
Javelin: Demei Xu, China, 68.78
Heptathlon: Sabine Braun, Germany, 6,672

SCOREBOARD

BASEBALL

Major League Standings

(Through Saturday's Games)

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Toronto	73	58	.557	—
Detroit	69	61	.531	3½
Boston	66	63	.512	6
Milwaukee	62	67	.481	10
New York	58	70	.453	13½
Baltimore	53	76	.411	19
Cleveland	43	86	.332	29
West Division				
Minnesota	78	53	.595	—
Oakland	71	60	.542	7
Chicago	69	61	.531	8½
Kansas City	67	61	.523	9½
Texas	67	61	.523	9½
Seattle	67	63	.515	10½
California	63	66	.488	14

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Pittsburgh	77	51	.602	—
St. Louis	69	59	.539	8
Chicago	65	64	.504	12½
New York	63	66	.488	14½
Philadelphia	62	67	.481	15½
Montreal	52	76	.406	25
West Division				
Atlanta	72	57	.558	—
Los Angeles	71	58	.550	1
Cincinnati	64	65	.496	8
San Diego	63	67	.485	9½
San Francisco	62	67	.481	10
Houston	53	76	.411	19

Friday's Line Scores

AMERICAN LEAGUE

Toronto 000 000 110—2 6 0
New York 010 052 10x—9 14 0
Stottlemyre, Acker (6), MacDonald (6), Ward (8) and Myers; Sanderson, Guetterman (9) and Nokes. W—Sanderson, 14-8. L—Stottlemyre, 12-6. HRs—Toronto, Carter (29). New York, Nokes 2 (22), Hall (18).

Cleveland 000 000 030—3 8 0
Chicago 200 000 000—2 6 1
Nagy, Hillegas (8), Olin (9) and Skinner. Lopez (8); Fernandez, Perez (8), Radinsky (8), Thigpen (9) and Fisk. W—Nagy, 8-11. L—Fernandez, 6-12. Sv—Olin (9).

Baltimore 140 230 001—11 17 0
Minnesota 000 002 210— 5 15 0
Milacki, Poole (7), Frohwirth (8) and Holles; Edens, Willis (2), Anderson (4), Bedrosian (9) and Harper. W—Milacki, 8-7. L—Edens, 0-1. HRs—Baltimore, Gomez (12). Minnesota, Harper (8), Hrbek (15).

California 001 000 100—2 6 1
Milwaukee 002 121 00x—6 12 0
McCaskill, Beasley (4), Fetters (6), Bailes (8) and Tingley; Wegman, Lee (8), Machado (9) and Surhoff. W—Wegman, 10-6. L—McCaskill, 10-17.

Kansas City 000 001 001—2 4 0
Texas 001 202 10x—6 12 0
Boddicker, S. Davis (6), Montgomery (8) and Mayne, Spehr (7); Ryan, Rogers (6), Mathews (8), Jeffcoat (9), Russell (9) and Rodriguez. W—Ryan, 9-6. L—Boddicker, 11-9. Sv—Russell (25). HR—Texas, Rodriguez (1).

Boston 010 100 001—3 9 0
Seattle 000 020 000—2 8 0
Hesketh, Reardon (9) and Pena; Hanson, Jackson (9), Murphy (9) and Valle. W—Hesketh, 9-3. L—Hanson, 7-7. Sv—Reardon (33). HR—Boston, Vaughn (4).

Detroit 001 002 000 0—3 5 0
Oakland 100 001 010 1—4 10 0
(10 innings)
Tanana, Gakeler (7), Gleaton (9) and Tettleton; Darling, Nelson (7), Honeycutt (9), Eckersley (10) and Steinbach. W—Eckersley, 2-2. L—Gleaton, 3-2. HRs—Detroit, Incaviglia (9), Tettleton (26). Oakland, R. Henderson 2 (13), Canseco (36), McGwire (20).

NATIONAL LEAGUE

Atlanta 000 201 111—6 11 0
Philadelphia 000 001 000—1 4 1
Avery and Olson; Greene and Daulton. W—Avery, 14-8. L—Greene, 9-6. HRs—Atlanta, Gant (28), Justice (14). Philadelphia, Ready (1).

New York 000 011 100—3 6 0
Cincinnati 000 101 000—2 9 0
Cone, Burke (7), Castillo (8), Innis (8), Franco (8) and O'Brien; Myers, Power (7), Charlton (9) and Reed. W—Cone, 12-10. L—Myers, 5-12. Sv—Franco (24). HR—New York, O'Brien (2).

Houston 000 000 010—1 4 0
Montreal 200 000 01x—3 11 0
Deshaies, Osuna (6), Schilling (8) and Biggio; Gardner, Rojas (7), Fassero (8), Jones (8) and Reyes. W—Gardner, 8-9. L—Deshaies, 4-12. Sv—Jones (10).

Chicago 000 000 000—0 4 1
Los Angeles 010 000 10x—2 6 1
Jackson, Lancaster (7), McElroy (8) and Villanueva; Belcher and Carter. W—Belcher, 9-8. L—Jackson, 1-4.

Pittsburgh 101 100 001—4 9 0
San Diego 000 000 100—1 4 1
Smiley, Belinda (7), Ro.Rodriguez (9) and Slaught; Rasmussen, Maddux (6), Lewis (8), Ri. Rodriguez (9) and Santiago. W—Smiley, 16-8. L—Rasmussen, 4-11. Sv—Ro. Rodriguez (1). HR—San Diego, McGriff (26).

St. Louis 000 010 200—3 9 3
San Francisco 210 004 01x—8 8 3
Cormier, Carpenter (6), Fraser (7) and Pagnozzi; Black, Brantley (7) and Manwaring. W—Black, 10-13. L—Cormier, 2-2. Sv—Brantley (12).

Saturday's Line Scores

AMERICAN LEAGUE

Toronto 000 001 013—5 12 0
New York 000 000 000—0 3 1
Key, Timlin (6), Ward (8) and Myers, Borders (6); Plunk, Cadaret (6), Habyan (8) and Geren, Nokes (9). W—Key, 14-9. L—Cadaret, 6-5. Sv—Ward (17).

Detroit 000 303 200 0—8 11 2
Oakland 000 007 010 1—9 12 0
(10 innings)
Terrell, Gibson (6), Ritz (6), Kaiser (6), Gakeler (7), Cerutti (9) and Tettleton; Moore, Chitren (6), Honeycutt (7), Nelson (7), Klink (9), Eckersley (10) and Quirk, Steinbach (7). W—Eckersley, 3-2. L—Cerutti, 2-6.

Cleveland 050 000 000— 5 6 2
Chicago 123 001 03x—10 10 1
Otto, Shaw (3), Orosco (8) and Lopez, Skinner (7); Hough, Pall (3), Radinsky (8) and Karkovice. W—Pall, 6-2. L—Otto, 1-5. Sv—Radinsky (5). HRs—Cleveland, Belle (24), Gonzalez (1). Chicago, Thomas (28).

Baltimore 000 100 010—2 7 0
Minnesota 010 001 30x—5 11 0
Mussina, Frohwirth (7), Flanagan (8) and Melvin; Tapani, Bedrosian (8), Aguilera (8) and Harper. W—Tapani, 13-7. L—Mussina, 2-4. Sv—Aguilera (36). HR—Minnesota, Knoblauch (1).

California 000 002 000—2 7 0
Milwaukee 200 000 33x—8 14 1
Grahe, Eichhorn (7), Bailes (7), Beasley (8) and Tingley; Basio, Lee (6), Crim (9) and Surhoff. W—Lee, 1-3. L—Grahe, 1-7.

Kansas City 020 001 000—3 5 1
Texas 000 020 000—2 9 2
Gubicza, Gordon (6), Montgomery (9) and Mayne; Witt, Rosenthal (7), Rogers (8) and Rodriguez, Petralli (9). W—Gubicza, 8-7. L—Witt, 3-6. Sv—Montgomery (26). HR—Kansas City, Gibson (16).

Boston 000 002 200—4 10 0
Seattle 001 000 000—1 4 1
Clemens and Pena; Krueger, Jones (7), Swan (7), Jackson (9), Schooler (9) and Bradley. W—Clemens, 14-8. L—Krueger, 10-7. HR—Seattle, E. Martinez (12).

NATIONAL LEAGUE

St. Louis 000 000 010—1 5 0
San Francisco 001 220 10x—6 11 1
B. Smith, Fraser (6), Terry (8) and Pagnozzi; Hickerson, Oliveras (8), Beck (9) and Manwaring. W—Hickerson, 1-0. L—B. Smith, 11-8. HRs—San Francisco, Williams (25), Mitchell (25).

Atlanta 000 000 000—0 4 0
Philadelphia 201 200 00x—5 10 0
Reynoso, Pena (3), Mercker (5), Wohlers (7) and Cabrera; DeJesus, Boever (9) and Daulton. W—DeJesus, 10-4. L—Reynoso, 2-1. HR—Philadelphia, Daulton (11).

New York 000 112 300 1—8 10 1
Cincinnati 041 100 001 0—7 13 1
(10 innings)
Schourek, Innis (2), Castillo (4), Burke (6), Franco (9) and Sasser, Cerone (7), O'Brien (9); Sanford, Power (6), Charlton (7), Hill (8), Dibble (10) and Oliver. W—Franco, 4-7. L—Dibble, 3-3. HRs—New York, Johnson 2 (28), Miller (2).

Houston 101 000 200 0—4 7 1
Montreal 000 000 202 1—5 10 1
Hornisch, Mallicoat (7), Hernandez, (8), Osuna (10) and Biggio; Haney, Barnes (7), Ruskin (8), Fassero (10) and Reyes, Fitzgerald (9). W—Fassero, 2-4. L—Osuna, 7-5.

Pittsburgh 000 002 000 001—3 10 1
San Diego 020 000 000 000—2 4 0
(12 innings)
Tomlin, Mason (7), Landrum (10), Kipper (12) and LaValliere, Slaught (9); Harris, Lefferts (9), Rodriguez (11), Melendez (12) and Santiago. W—Landrum, 2-4. L—Melendez, 6-4. Sv—Kipper (3). HRs—Pittsburgh, Bonds (22), Slaught (1). San Diego, Clark (10).

Chicago 002 000 000—2 8 0
Los Angeles 000 020 01x—3 9 0
Sutcliffe, McElroy (5), Assenmacher (7) and Wilkins; Gross, McDowell (7), Howell (9) and Scioscia. W—McDowell, 5-8. L—Assenmacher, 7-5. Sv—Howell (15). HR—Los Angeles, Murray (13).

Japanese Baseball

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Chunichi	60	42	1	.588	—
Hiroshima	53	42	1	.558	3½
Yomiuri	60	52	0	.536	5
Yakult	56	50	1	.528	6
Taiyo	46	59	1	.438	15½
Hanshin	35	65	0	.350	24

Saturday's Results
Chunichi 3, Hiroshima 0
Yakult 7, Taiyo 4
Yomiuri 3, Hanshin 1

Sunday's Results
Hiroshima 6, Chunichi 5
Yomiuri 4, Hanshin 2
Taiyo 9, Yakult 0

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Kintetsu	67	37	2	.644	—
Seibu	64	38	3	.627	2
Orix	52	53	2	.495	15½
Daiei	45	55	2	.450	20
Nippon Ham	46	57	4	.447	20½
Lotte	33	67	1	.330	32

Saturday's Results
Kintetsu 4, Daiei 2
Seibu 10, Lotte 0
Orix 6, Nippon Ham 2

Sunday's Results
Kintetsu 5, Daiei 4
Seibu 6, Lotte 6
Orix 9, Nippon Ham 0

RUGBY

INTERNATIONAL FRIENDLY
Romania 18, Scotland 12

TENNIS

U.S. Open

Men's Singles, Third Round

Derrick Rostagno, U.S., def. Jakob Hlasek, Switzerland, 6-7 (2-7), 7-6 (7-3), 7-6 (7-2), 7-6 (7-4); Goran Ivanisevic (12), Yugoslavia, def. Luiz Mattar, Brazil, 6-3, 6-2, 6-2; Michael Stich (3) Germany, def. MaliVai Washington, U.S., 5-7, 7-5, 6-2, 4-6, 6-3; Javier Sanchez, Spain, def. Magnus Larsson, Sweden, 7-6 (7-3), 6-0, 6-3; Gabriel Markus, Argentina, def. Jan Siemerink, Netherlands, 6-4, 6-4, 1-6, 6-7 (4-7), 7-6 (11-9); Stefan Edberg (2), Sweden, def. Jim Grabb, U.S., 7-6 (10-8), 4-6, 6-3, 6-4; Ivan Lendl (5), Czechoslovakia, def. Todd Woodbridge, Australia, 3-6, 6-3, 6-4, 6-3; Michael Chang, U.S., def. John McEnroe (16), U.S., 6-4, 4-6, 7-6 (7-1), 2-6, 6-3.

Jim Courier (4), U.S., def. Anders Jarryd, Sweden, 6-3, 6-2, 6-2; Paul Haarhuis, Netherlands, def. Boris Becker (1), Germany, 6-3, 6-4, 6-2; Pete Sampras (6), U.S., def. Stephane Simian, France, 7-6 (7-3), 6-4, 6-7 (4-7), 6-3; Jimmy Connors, U.S., def. Karel Novacek (10), Czechoslovakia, 6-1, 6-4, 6-3; Carl-Uwe Steeb, Germany, def. Arnaud Boetsch, France, 3-6, 6-3, 6-4, 6-4; David Wheaton (11), U.S., def. Todd Martin, U.S., 7-6 (7-3), 4-6, 6-3, 6-4; Emilio Sanchez (14), Spain, def. Wally Masur, Australia, 6-4, 7-6 (8-6), 7-6 (7-5); Aaron Krickstein, U.S., def. Francisco Clavet, Spain, 6-4, 6-4, 6-7 (0-7), 7-6 (7-4)

Women's Singles, Third Round

Jennifer Capriati (7), U.S., def. Patricia Hy, Canada, 6-1, 6-4; Jana Novotna (9), Czechoslovakia, def. Dominique Monami, Belgium, 6-1, 6-2; Regina Rajchrtova, Czechoslovakia, def. Katerina Maleeva (11), Bulgaria, 2-6, 6-3, 6-3; Gabriela Sabatini (3), Argentina, def. Gretchen Magers, U.S., 6-3, 6-4; Radka Zrubakova, Czechoslovakia, def. Mary Joe Fernandez (5), U.S., 6-1, 6-2; Jo Durie, Britain, def. Helena Sukova (15), Czechoslovakia, 6-4, 2-6, 6-1; Gigi Fernandez, U.S., def. Leila Meskhi (13), Soviet Union, 7-6 (7-1), 6-7 (3-7), 7-6 (7-2); Monica Seles (2), Yugoslavia, def. Sara Gomer, Britain, 6-1, 6-4.

Steffi Graf (1), Germany, def. Eva Svigler-ova, Czechoslovakia, 6-4, 7-5; Conchita Martinez (8), Spain, def. Patty Fendick, U.S., 7-5, 6-3; Judith Wiesner, Austria, def. Florencia Labat, Argentina, 6-4, 7-5; Arantxa Sanchez Vicario (4), Spain, def. Nathalie Herreman, France, 6-2, 6-2; Zina Garrison (12), U.S. def. Barbara Rittner, Germany, 6-2, 3-6, 6-4; Martina Navratilova (6), U.S., def. Pam Shriver, U.S., 7-5, 6-1; Natalia Zvereva, Soviet Union, def. Kimberly Po, U.S., 6-1, 3-6, 6-2; Manuela Maleeva-Fragniere (10), Switzerland, def. Mary Pierce, U.S., 4-6, 6-1, 5-1, ret.

FOOTBALL

Selected College Scores

EAST
Delaware 28, West Chester 0
Pittsburgh 34, West Virginia 3
Rutgers 20, Boston College 13

SOUTH
Alabama St. 28, Jackson St. 27
Appalachian St. 9, Marshall 3
Auburn 32, Georgia Southern 17
Cent. Florida 21, Troy St. 10
Georgia 48, W. Carolina 0
Louisville 24, E. Kentucky 14
Miss. Valley St. 10, Tennessee St. 7
Mississippi 22, Tulane 3
Mississippi St. 47, Cal St.-Fullerton 3
N. Carolina A&T 26, Morgan St. 7
NE Louisiana 21, SW Louisiana 10
Samford 34, Harding 0
Savannah St. 35, Bethune-Cookman 20
Southern Miss. 25, Delta St. 7
Texas A&I 7, Nicholls St. 3
Tn.-Chattanooga 21, Tenn.-Martin 14
Virginia Tech 41, James Madison 12

MIDWEST
Bowling Green 17, E. Michigan 6
Cent. Michigan 17, Ohio U. 17, tie
E. Illinois 62, Lock Haven 16
Illinois 38, East Carolina 31
Illinois St. 19, St. Francis, Pa. 17
Miami, Ohio 15, Ball St. 7
S. Illinois 28, SE Missouri 27
W. Michigan 13, Kent St. 18

SOUTHWEST
Houston 73, Louisiana Tech 3
Miami 31, Arkansas 3
Texas Southern 19, Cent. St., Ohio 10
Texas-El Paso 35, New Mexico 19
Tulsa 34, SW Missouri St. 13

FAR WEST
Air Force 48, Weber St. 31
Colorado St. 38, Arkansas St. 24
Hawaii 32, Wyoming 17
Montana St. 30, Minn.-Duluth 14
N. Arizona 22, E. New Mexico 15
Sacramento St. 43, Pacific U. 40
Utah 12, Utah St. 7

SOCCER

DUTCH FIRST DIVISION
VVV Venlo 0, Vitesse Arnhem 0
Willem II Tilburg 2, SVV/Dordrecht'90 2
Fortuna Sittard 2, FC Groningen 2
Roda JC Kerkrade 1, FC Volendam 5
Ajax Amsterdam 3, MVV Maastricht 0
Sparta Rotterdam 1, PSV Eindhoven 3
FC Twente Enschede, 1 RKC Waalwijk 1
FC Utrecht 2, De Graafschap Doetinchem 0

ENGLISH FIRST DIVISION
Arsenal 2, Manchester City 1
Chelsea 4, Luton 1
Coventry 0, Wimbledon 1
Crystal Palace 2, Sheffield United 1
Liverpool 3, Everton 1
Manchester United 1, Leeds 1
Norwich 0, Tottenham 1
Nottingham Forest 3, Oldham 1
Sheffield Wednesday 4, Queens Park Rangers 1
Southampton 1, Aston Villa 1
West Ham 0, Notts County 2

FRENCH FIRST DIVISION
Montpellier 3, Metz 1

GERMAN FIRST DIVISION
Schalke 3, Borussia Muenchengladbach 1
Fortuna Duesseldorf 4, SG Wattenscheid 3
Werder Bremen 5, MSV Duisburg 1
VfL Bochum 0, Borussia Dortmund 0
Dynamo Dresden 1, VfB Stuttgart 0
FC Hansa Rostock 2, Bayer Leverkusen 2
Hamburger SV 2, Eintracht Frankfurt 1
Kaiserslautern 3, FC Nuremburg 0
FC Cologne 1, Bayern Munich 1
Stuttgarter Kickers 1, Karlsruher SC 1

ITALIAN FIRST DIVISION
Ascoli 0, AC Milan 1
Bari 1, Torino 1
Cagliari 3, Sampdoria 2
Genoa 2, Cremonese 0
Internazionale 1, Foggia 1
Juventus 1, Fiorentina 0
Lazio 1, Parma 1
Napoli 1, Atalanta 0
Verona 0, AS Roma 1

SPANISH FIRST DIVISION
Athletic Bilbao 0, Sevilla 2
Cadiz 0, Real Madrid 1

FIFA UNDER-17 CHAMPIONSHIP
Third Place
Argentina 5, Qatar 2
Final
Ghana 1, Spain 0

HOCKEY

CANADA CUP
Saturday's Results
United States 6, Sweden 3
Czechoslovakia 5, Soviet Union 2
Canada 2, Finland 2, tie

TRANSACTIONS

BASEBALL
American League

CALIFORNIA ANGELS—Waived Floyd Bannister, pitcher, to give him unconditional release.

MILWAUKEE—Activated Jim Hunter, pitcher, from 15-day disabled list. Put Mike Ignasiak, pitcher, on 15-day disabled list.

TEXAS—Traded Steve Buechele, third baseman, to Pittsburgh for Kurt Miller, pitcher, and player to be named later. Sent Mark Parent, catcher, to Oklahoma City, American Association, on rehabilitation assignment. Activated Jeff Huson, infielder, from 15-day disabled list.

TORONTO—Moved Al Leiter, pitcher, from 15-day to 60-day disabled list. Sent Ken Dayley, pitcher, to Syracuse, International League, on rehabilitation assignment. Named Bill Monbouquette pitching coach.

National League

CHICAGO—Activated Frank Castillo, pitcher, from 15-day disabled list. Optioned Scott May, pitcher, to Iowa, American Association.

CINCINNATI—Fired Ray Rippelmeyer, assistant director of player development. Sent Steve Foster, pitcher, to Nashville, American Association. Called up Stan Jefferson, outfielder, from Nashville.

MONTREAL—Sent Chris Myers, pitcher, to Indianapolis, American Association.

N.Y. METS—Recalled Anthony Young, pitcher, from Tidewater, International League. Put Chuck Carr, outfielder, on 15-day disabled list. Optioned Anthony Young, pitcher, to Tidewater. Recalled Terry McDaniel, outfielder, from Tidewater.

PHILADELPHIA—Sent Dave Hollins, third baseman, and Von Hayes, outfielder, to Scranton-Wilkes-Barre, International League, on rehabilitation assignments.

PITTSBURGH—Put John Wehner, third baseman, on 15-day disabled list.

SAN DIEGO—Put Larry Andersen, pitcher, on 15-day disabled list. Recalled Derek Lilliquist, pitcher, from Las Vegas, Pacific Coast League.

TRACK & FIELD

World Championships

SUNDAY FINALS

Men

1,500 meters: 1, Noureddine Morceli, Algeria, 3 minutes 32.84 seconds. 2, Wilfred Kirochi, Kenya, 3:34.84. 3, Hauke Fuhlbrugge, Germany, 3:35.28. 4, Jens-Peter Herold, Germany, 3:35.37. 5, Fermin Cacho, Spain, 3:35.62. 6, Mario Silva, Portugal, 3:35.76. 7, David Kibet, Kenya, 3:36.03. 8, Genny Di Napoli, Italy, 3:36.56. 9, Mohamed Suleiman, Qatar, 3:38.12. 10, Matthew Yates, Britain, 3:38.71. 11, Said Aouita, Morocco, 3:39.49. 12, Simon Doyle, Australia, 3:41.54.

5,000 meters: 1, Yobes Ondieki, Kenya, 13 minutes, 14.45 seconds. 2, Fita Bayesa, Ethiopia, 13:16.64. 3, Brahim Boutayeb, Morocco, 13:22.70. 4, Dieter Baumann, Germany, 13:28.67. 5, Domingos Castro, Portugal, 13:28.88. 6, Khalid Skah, Morocco, 13:32.90. 7, Risto Ulmala, Finland, 13:33.46. 8, Dionisio Castro, Portugal, 13:35.39. 9, Rob Denmark, Britain, 13:36.24. 10, Ibrahim Kinuthia, Kenya, 13:38.96. 11, Abel Anton, Spain, 13:39.00. 12, Bob Kennedy, U.S., 13:54.47. 13, Gary Staines, Britain, 13:58.26. 14, Doug Padilla, U.S., 14:36.18.

Marathon: 1, Hiromi Taniguchi, Japan, 2 hours, 14 minutes, 57 seconds. 2, Ahmed Salah, Djibouti, 2:15:26. 3, Steve Spence, U.S., 2:15:36. 4, Jan Huruk, Poland, 2:15:47. 5, Futoshi Shinohara, Japan, 2:15:52. 6, Salvatore Bettiol, Italy, 2:15:58. 7, Maurilio Castillo, Mexico, 2:16:15. 8, Gelindo Bordin, Italy, 2:17:03. 9, Tekeye Gisilase, Ethiopia, 2:18:37. 10, Konrad Dobler, Germany, 2:19:01. 11, Steve Moneghetti, Australia, 2:19:18. 12, Sam Carey, Britain, 2:20:02. 13, Peter Maher, Canada, 2:20:31. 14, Diego Garcia, Spain, 2:21:14. 15, Dominique Chauvelier, France, 2:21:37. 16, Tonnie Dirks, Netherlands, 2:22:17. 17, Elphas Ginindza, Swaziland, 2:22:43. 18, Stephan Freigang, Germany, 2:23:13. 19, Wan Tak Kim, South Korea, 2:23:14. 20, Dave Buzza, Britain, 2:23:24. 21, Vladimir Bukhanov, Soviet Union, 2:24:26. 22, Motsamme Kgaotsang, Botswana, 2:25:28. 23, Kim Reynierse, Aruba, 2:26:50. 24, Martin Vrabel, Czechoslovakia, 2:26:56.

4X100 meter relay: 1, United States (Cason, Burrell, Mitchell, Lewis), 37.50 seconds (world record; old record, 37.67, United States, Marsh, Burrell, Mitchell, Lewis, 1991). 2, France, 37.87. 3, Great Britain and Northern Ireland, 38.09. 4, Nigeria, 38.43. 5, Italy, 38.52. 6, Jamaica, 38.67. 7, Soviet Union, 38.68. 8, Canada, 39.51.

4X400 meter relay: 1, Great Britain and Northern Ireland (Black, Redmond, Regis, Akabusi), 2 minutes, 57.53 seconds. 2, United States, 2:57.57. 3, Jamaica, 3:00.10. 4, Yugoslavia, 3:00.32. 5, Kenya, 3:00.34. 6, Germany, 3:00.75. 7, Morocco, 3:04.49. 8, Cuba, 3:05.33.

High Jump: 1, Charles Austin, U.S., 2.38 meters. 2, Javier Sotomayor, Cuba, 2.36. 3, Hollis Conway, U.S., 2.36. 4, Dalton Grant, Britain, 2.36. 5, Marino Drake, Cuba, 2.34. 5, Troy Kemp, Bahamas, 2.34. 7, Patrik Sjoberg, Sweden, 2.31. 8, Rick Noji, U.S., 2.28. 9, Dragutin Topic, Yugoslavia, 2.28. 10, Arturo Ortiz, Spain, 2.24. 10, Igor Paklin, Soviet Union, 2.24. 12, Artur Partyka, Poland, 2.24. 13, Rudolf Povarnitsyn, Soviet Union, 2.24. 14, Steinar Hoen, Norway, 2.20.

Women

4X400 meter relay: 1, Soviet Union (Ledovskaya, Dzhigalova, Nazarova II, Bryzgina), 3 minutes, 18.43 seconds. 2, United States, 3:20.15. 3, Germany, 3:21.25. 4, Great Britain and Northern Ireland, 3:22.01. 5, Nigeria, 3:24.45. 6, Canada, 3:27.42. 7, Spain, 3:27.57. 8, Hungary, 3:29.07.

4X100 meter relay: 1, Jamaica (Dahlia Duhaney, Juliet Cuthbert, Beverley McDonald, Merlene Ottey), 41.94 seconds. 2, Soviet Union 42.20. 3, Germany 42.33. 4, Nigeria 42.77. 5, France 43.24. 6, Cuba 43.75. 7, Italy 43.76. 8, Australia 43.79.

Javelin: 1, Xu Demei, China, 68.78 meters. 2, Petra Meier, Germany, 68.68. 3, Silke Renk, Germany, 66.80. 4, Natalya Chernyenko, Soviet Union, 65.22. 5, Trine Hattestad, Norway, 63.36. 6, Louise Mcpaul, Australia, 63.34. 7, Dulce Garcia, Cuba, 62.68. 8, Paivi Alafrantti, Finland, 62.26. 9, Heli Rantanen, Finland, 60.96. 10, Anna Verouli, Greece, 59.12. 11, Natalya Shikolenko, Soviet Union, 58.82. 12, Karen Forkel, Germany, 57.90.

SATURDAY'S FINALS

Men

50 kilometer walk: 1, Aleksandr Potashov, Soviet Union, 3 hours, 53 minutes, 09 seconds. 2, Andrey Perlov, Soviet Union, 3:53:09. 3, Hartwig Gauder, Germany, 3:55:14. 4, Vitaliy Popovich, Soviet Union, 4:00:10. 5, Valentin Kononen, Finland, 4:02:34. 6, Giuseppe De Gaetano, Italy, 4:03:43. 7, Fumio Imamura, Japan, 4:06:07. 8, Rene Piller, France, 4:06:30. 9, Godfried De Jonckheere, Belgium, 4:07:44. 10, Les Morton, Britain, 4:09:18. 11, Martin Bermudez, Mexico, 4:11:56.

3,000 meter steeplechase: 1, Moses Kiptanui, Kenya, 8 minutes 12.59 seconds. 2, Patrick Sang, Kenya, 8:13.44. 3, Azzedine Brahmi, Algeria, 8:15.54. 4, Julius Kariuki, Kenya, 8:16.81. 5, Brian Diemer, United States, 8:17.76. 6, Abdelaziz Sahere, Morocco, 8:19.40. 7, Angelo Carosi, Italy, 8:20.80. 8, Francesco Panetta, Italy, 8:26.79. 9, William Van Dijck, Belgium, 8:30.46. 10, Joseph Mahmoud, France, 8:37.09. 11, Tom Hanlon, Britain, 8:41.14. 12, Hagen Melzer, Germany, 8:45.58. 13, Thierry Brusseau, France, 8:47.46. 14, Graeme Fell, Canada, 9:01.73. 15, Gabor Marko, Hungary, 9:11.53.

Shot Put: 1, Werner Gunthor, Switzerland, 21.67 metres. 2, Georg Andersen, Norway, 20.81. 3, Lars Arvid Nilsen, Norway, 20.75. 4, Aleksandr Klimenko, Soviet Union, 20.34. 5, Sven Buder, Germany, 20.10. 6, Sergei Nikolayev, Soviet Union, 19.98. 7, Kent Larsson, Sweden, 19.92. 8, Dragan Peric, Yugoslavia, 19.83. 9, Ron Backes, U.S., 19.34. 10, Gert Weil, Chile, 19.30. 11, Paul Edwards, Britain, 18.91. 12, Alessandro Andrei, Italy, 18.73

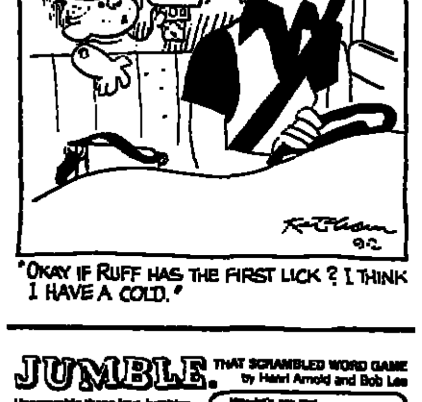
Women

1,500 meters: Hassiba Boulmerka, Algeria, 4:02.21. 2, Tatyana Dorovskikh, Soviet Union, 4:02.58. 3, Lyudmila Rogachova, Soviet Union, 4:02.72. 4, Doina Melinte, Romania, 4:03.19. 5, Ellen Kiessling, Germany, 4:04.75. 6, Kirsty Wade, Britain, 4:05.16. 7, Susan Sirma, Kenya, 4:05.47. 8, Malgorzata Rydz, Poland, 4:05.82. 9, Letitia Vriesde, Surinam, 4:05.67. 10, Violeta Beclea, Romania, 4:05.86. 11, Debbie Bowker, Canada, 4:06.86. 12, Pattisue Plumer, United States, 4:06.80. 13, Yvonne Mai, Germany, 4:07.45. 14, Elena Fidatov, Romania, 4:10.15. 15, Ravilya Kotovich, Soviet Union, 4:17.59.

Discus: 1, Tsvetanka Khristova, Bulgaria, 71.02 metres. 2, Ilke Wyludda, Germany, 69.12. 3, Larisa Mikhalchenko, Soviet Union, 68.26. 4, Martina Hellmann, Germany, 67.14. 5, Daniela Costian, Australia, 66.06. 6, Min Chunfeng, China, 65.56. 7, Irina Yatchenko, Soviet Union, 64.92. 8, Zhao Yonghua, China, 63.62. 9, Ellina Zvervova, Soviet Union, 63.22. 10, Maritza Marten, Cuba, 62.40. 11, Xiao Yanling, China, 61.20. 12, Barbara Hechevarria, Cuba, 60.62.

High Jump: 1, Heike Henkel, Germany, 2.05 metres. 2, Yelena Yelesina, Soviet Union, 1.98. 3, Inga Babakova, Soviet Union, 1.96. 4, Beata Holub, Poland, 1.96. 5, Birgit Kahler, Germany, 1.93. 6, Stefka Kostadinova, Bulgaria, 1.93. 7, Tamara Bykova, Soviet Union, 1.93. 8, Judit Kovacs, Hungary, 1.90. 9, Sarka Novakova, Czechoslovakia, 1.90. 10, Vanessa Ward, Australia, 1.90. 11, Alison Inverarity, Australia, 1.87. 12, Heike Balck, Germany, 1.84

DENNIS THE MENACE



"OKAY IF RUFF HAS THE FIRST LICK? I THINK I HAVE A COLD."

PEANUTS

CALVIN AND HOBBES

BLONDIE

WIZARD of ID

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

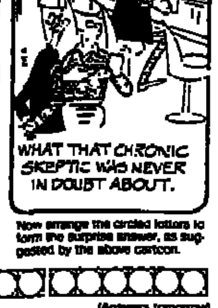
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

YASOP

PIRGE

BLAURT

DREHWS



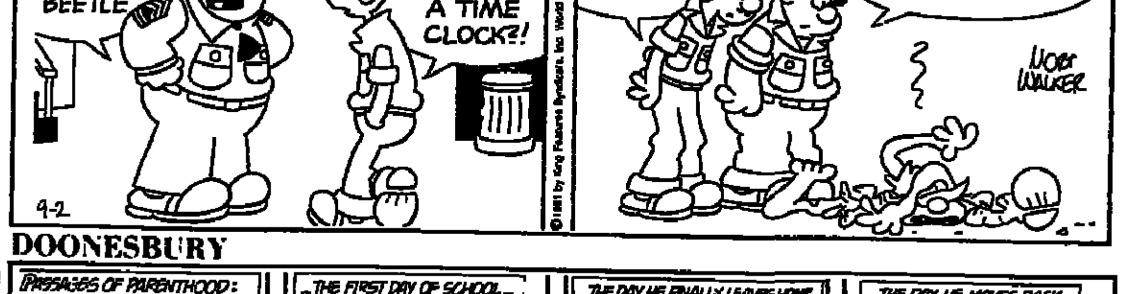
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Saturday's Jumbles: BRIAR DOWDY INNATE UPWARD
Answer: How to keep all your kitchen utensils sparkling clean—DINE OUT

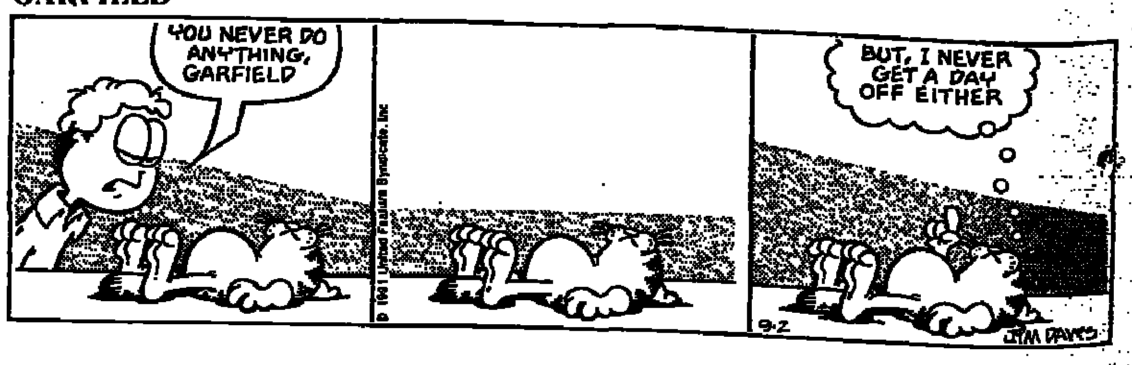
BEETLE BAILEY



REX MORGAN

DOONESBURY

GARFIELD



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MONDAY SPORTS

Stich and Capriati Gain Quarterfinals But Becker Departs

Compiled by Our Staff From Dispatches

NEW YORK — A day after top-seeded Boris Becker limped out of the U.S. Open, third-seeded Michael Stich and three of the top women, Gabriela Sabatini, Monica Seles and Jennifer Capriati, advanced Sunday to the quarterfinals.

Stich, the Wimbledon champion, needed four sets to defeat American Derrick Rostagno, 6-2, 3-6, 6-1, 7-6 (7-4), in a battle of big servers. He will next play either fifth seeded Ivan Lendl or 12th seeded Goran Ivanisevic of Yugoslavia.

"I don't like the way I played," Stich said. "I have no touch for this surface."

Stich failed to convert two break points in the first game of the fourth set, then saved three break points in the second game, which had eight deuces. Rostagno, ranked 24th, got the German to deuce again in the sixth game, but did not get another break point.

Stich held serve to force the tiebreaker, then won that with a service winner.

Seles breezed against Regina Rajchrtova of Czechoslovakia, 6-1, 6-1. Capriati defeated Britain's Jo Durie, 6-1, 6-2.

Next up for Capriati is Sabatini. The third seed and defending champion beat Jana Novotna of Czechoslovakia, 6-4, 7-6 (7-4).

Also Sunday, Javier Sánchez of Spain beat Gabriel Markus of Argentina, 6-4 6-2 6-3.

Sánchez, whose older brother Emilio will play French Open champion Jim Courier for a place in the quarterfinals, and whose sister Arantxa Sánchez-Vicario has gained the fourth round, too, has yet to lose a set in four matches.

"I never thought I'd make the quarterfinals," said Sánchez. "Now you don't know what will happen."
(AFP, Reuters, AP)

■ *Earlier, Alison Muscatine of The Washington Post reported:*

A seemingly ageless Jimmy Connors will be playing on Monday, his 39th birthday, having disposed of 10th-seeded Karel Novacek to gain the fourth round of the U.S. Open.

But an ailing Becker was knocked out of the Open with barely a whimper Saturday, not even surprised that he had become the tournament's biggest casualty.

Handicapped by a pulled right hamstring, the top seed could only move lamely around the court and the outcome was a 6-3, 6-4, 6-2 loss to No. 45-ranked Paul Haarhuis of the Netherlands. "I couldn't run full. It affected my whole game," said Becker, adding that he was hurt in his first-round match.

Becker, who is questionable for the U.S.-Germany Davis Cup semifinal next month, said that "I can now only play if I'm fit. I just have to go home and hopefully it is going to be better by then."

With Becker and Novacek gone, Connors's quarter of the draw no longer has a seeded player, giving the five-time champion a shot at the semifinals and continuing glee over his accomplishments. Monday, he will play Aaron Krickstein.

"Is anybody 39 supposed to do this?" Connors said, laughing. "Some things you can't describe. You couldn't put a price on this for me."

To win his first U.S. Open title — two venues and three surfaces ago — Connors beat Ken Rosewall, 39 at the time. Connors was 22. Asked to recall how he felt looking across the net at somebody 39, Connors said, "He was old. It was time for somebody else to come in and take over. I was the young guy coming up.

"Now, it's time for somebody else to take my place. But if they don't want it, I am not going to give it to them."

The topsy-turvy day, in which Steffi Graf and Pete Sampras won and Martina Navratilova defeated her former doubles partner, Pam Shriver, followed another midnight episode of high-pitched, zany tennis. In a 4-hour, 33-minute test of wills that began Friday evening and ended at 1:27 A.M., Michael Chang defeated 16th-seeded John McEnroe, 6-4, 4-6, 7-6 (7-1), 2-6, 6-3.

Chang, ranked No. 22, used McEnroe-like tactics to keep his opponent on the defensive. Usually a baseline player whose best weapon is his speed and consistency, Chang served like a giant, amassing 11 aces, and attacked the net with the confidence of a serve-and-volleyer. When McEnroe tried to retaliate, Chang teased him with lobs, hitting 13 shots that arched perfectly over McEnroe's outstretched racket.

McEnroe, although egged on by the crowd, lacked intensity and his demeanor remained calm. For McEnroe, that can be a bad sign. Even worse, his volleys bordered on klutzy, lacking their usual feathery touch and accuracy.

"It's hard to think about it right now," McEnroe said. "There's not really much to say. I gave my best. I had my chances, and I let him in."

Connors began his match against Novacek just after rain clouds burned off and sun washed over Stadium Court. The tall Czechoslovak, a clay-court specialist who spends most of his time competing in Europe, has won four titles this year and his ranking has jumped to 11. But his lack of play on hard courts and his unfamiliarity with the pro-Connors crowds at the Open clearly were a handicap in the 6-1, 6-4, 6-3 result.

"I was very nervous," he said.

In addition, the 26-year-old Novacek said he awoke with a fever. "All these things make me play so bad," he said.

As for Becker, he had his hands full facing Haarhuis, a 25-year-old Dutchman who graduated from Florida State with a degree in economics. It was quickly clear that an important ingredient was missing from Becker's game. As Haarhuis clubbed shots to the corners, Becker remained glued to the baseline, unable to do his usual quick-step to the net.

"I was always two, three steps slow," Becker said. "I couldn't serve and volley."

While Connors has dominated the tournament with his inspiring performances, one other match provided its share of sentimentality on Saturday. Navratilova, 34 and seeded sixth, defeated her former doubles partner, Shriver, 29, in a third-round match, 7-5, 6-1.

It's hard to find two players who know each other so well and who know each other's games by heart. "You don't need a game plan, just play by memory," Navratilova said beforehand.

In addition to an eight-year partnership that resulted in the most titles ever by a doubles team, Shriver and Navratilova had played 39 times in singles, with Navratilova winning 36.

Before the match, they shared bagels in the locker room and engaged in small talk. "Our friendship goes beyond tennis," Navratilova said.

Although five years older than Shriver, Navratilova is faster, stronger and quicker, and has always had a mental edge in singles. That was the difference. When it was over, both had only kind words for each other, even though Navratilova had dropped Shriver as a partner three years ago.

Gary Cameron/Reuters

Jimmy Connors found himself looking at a match on Monday, his 39th birthday.

The Eagles Win, but Cunningham May Be Lost for Rest of Season

Compiled by Our Staff From Dispatches

Randall Cunningham's National Football League season may have ended Sunday after just one quarter of play, but with their offensive leader sidelined by a knee injury, the Philadelphia Eagles relied on defense and the passing of backup Jim McMahon to beat the Packers, 20-3, in Green Bay, Wisconsin.

McMahon, who threw only 12 passes last season, threw for two touchdowns on Sunday, including a 75-yarder to Fred Barnett with 6:51 left.

That was the good news for the Eagles, who earlier saw Cunningham carted off the field after the first play of the second quarter.

A preliminary diagnosis said Cunningham tore two ligaments in his left knee and could miss the season. More test were scheduled Sunday night to determine the extent of the injury.

"I'll be all right," said Cunningham. "I hope I'm not out for the season. But sometimes that happens."

Cunningham, the NFC Pro Bowl starter the last three years, is in his seventh year with the Eagles.

Last season he rushed for 942 yards and passed for 3,466, leading the Eagles to the playoffs for the third straight year. Cunningham and Miami's Dan Marino are the only active NFL quarterbacks to have started every game since the end of the 1987 players' strike.

Cunningham was throwing a pass when hit by linebacker Bryce Paup on the opening play of the second quarter. The Eagles had the ball on the Packers' 26 at the time, thanks to Mike Golic's interception of a pass from Don Majkowski that was batted by Reggie White.

Enter McMahon. After the Eagles just missed a first down, they got a 37-yard field goal from Roger Ruzek for a 3-0 lead.

McMahon put the Eagles up, 10-0, with 9:15 left in the half when he hit Keith Byars with a bizarre 32-yard touchdown pass. The pass was nearly intercepted by the Packers' Chuck Cecil, but the ball popped out of his hands as he was hitting the ground and Byars, falling to the ground himself, caught it for the touchdown.

NFL ROUNDUP

Cowboys 26, Browns 14: Troy Aikman, playing healthy for the first time since college, passed for 274 yards and two touchdowns as Dallas won in Cleveland.

The Cowboys improved their NFL-best record in openers to 24-7-1 and wrecked the coaching debut of the Browns' Bill Belichick.

Aikman directed the Cowboys to scores on all four of their first-half possessions, including short touchdown passes to Jay Novacek and Michael Irvin and a pair of field goals by Ken Willis. Dallas dominated the half, taking a 20-7 lead while allowing the Browns to run only 17 plays.

The Browns needed just one play to get back in it. Bernie Kosar threw a 62-yard touchdown pass to wide-open Webster Slaughter on the first play of the second half, getting Cleveland within six. It was the longest completion in a Cleveland opener since Reggie Rucker caught a 69-yarder in 1978.

But the Browns were unable to sustain any more scoring drives.

Saints 27, Seahawks 24: Bobby Hebert capped his first game since 1989 by throwing a 10-yard touchdown pass to Floyd Turner with 1:11 left, giving New Orleans the victory at home.

Hebert, who sat out the 1990 season in a contract holdout, completed 19 of 28 for 226 yards and two touchdowns. He took the Saints 58 yards on 16 plays on the winning drive.

John Kasay, who kicked a 37-yard field goal in the third quarter, missed a chance to tie the score with 18 seconds left when his second 37-yard try was wide.

Hebert went on the field to resounding boos at the start of the game, but stifled them with a 50-yard touchdown pass to Gill Fenerty on the Saints' first possession.

Seattle quarterback Dave Krieg left the game in the third quarter with a broken thumb.

Chiefs 14, Falcons 3: Christian Okoye, who maintained throughout training camp that had no intention of repeating his worst season ever, totaled 143 yards on 22 rushes, scored one touchdown and set up another with a 48-yard dash in Kansas City.

The Falcons took a 3-0 lead into the third period but, in keeping with the tone of the game, gave up the ball and subsequently the lead on a mistake.

Chris Miller, who passed for only 45 net yards in the first half, was scrambling away from pressure when Chris Martin knocked the ball out of his hands from behind and Deron Cherry fell on it at the Falcons' 27. Three straight rushes by Okoye, the 1989 NFL rushing leader, put the ball on the 4, and then the fullback went around right end untouched for the touchdown with 8:48 remaining in the period.

Cornerback Albert Lewis had three interceptions for the Chiefs.

Kansas City's Nick Lowery missed a 51-yard field goal attempt.

Jets 16, Buccaneers 13: Pat Leahy, at age 40 the NFL's oldest player, and Blair Thomas, one of its rising stars, led the Jets to a season-opening 16-13 victory in East Rutherford, New Jersey.

Leahy kicked three field goals, including a 40-yarder with 1:22 remaining to win it. Thomas, the second overall pick in the 1990 draft, rushed for 92 yards and picked up several critical first downs.

Tampa's Vinny Testaverde struggled before completing a 65-yard touchdown pass to rookie Lawrence Dawsey with 5:57 remaining. Dawsey easily beat Tony Stargell on a fly pattern down the right sideline to tie it, 13-13.

Sparked by Thomas and a 25-yard pass to Rob Moore, the Jets drove 48 yards in nine plays to set up Leahy's kick. Reggie Cobb fumbled the ensuing kickoff and the Jets recovered. *(AP, UPI)*

Bill Haber/The Associated Press

Seattle quarterback Dave Krieg, being sacked by Wayne Martin during the game in New Orleans, later had his right thumb broken. The Seahawks also had a touchdown pass wiped out by a penalty.

6 TD Passes In a Quarter For Klingler

The Associated Press

Houston's David Klingler, who set or tied 33 National Collegiate Athletic Association passing records last season, established another mark in the Cougars' first game of the season: six touchdown passes in a quarter.

In the second quarter on Saturday against Louisiana Tech, Klingler broke the NCAA record of five touchdown passes in a quarter, set in 1989 by Houston's Andre Ware against Southern Methodist and tied by Florida State's Peter Tom Willis later that season against Memphis State.

No. 12 Houston went on to a 73-3 victory, even though Klingler was replaced with 12:47 left in the game by his younger brother, Jimmy, whose first pass was a 50-yarder to Sherman Smith.

David Klingler's spree included scoring passes of 15 and 16 yards to John Brown III, 60 yards to Freddie Gilbert, five and seven yards to Tracy Good and six yards to Verlond Brown. Klingler finished with nine TD passes, two short of the record he set last year against Eastern Washington, as he completed 36 of 57 passes for 510 yards.

Unlike some Houston opponents, Raymond Peace, coach of Louisiana Tech, didn't accuse the Cougars' John Jenkins of running up the score. "I have been friends with John a long time," Peace said, adding that he felt the final score "is not his fault, it's mine."

No. 3 Miami 31, Arkansas 3: Miami quarterback Gino Torretta was impressive in his debut as a full-time starter. He threw for 297 yards and two touchdowns, one on a 99-yard pass play to Horace Copeland in Little Rock, Arkansas.

No. 17 Auburn 32, Georgia Southern 17: Stan White threw for 236 yards and two touchdowns as the Tigers rallied from a 17-0 deficit at home to beat the Division I-AA champions, who have never beaten a Division I-A team.

COLLEGE FOOTBALL

Bo Is Back — Against Royals

The Associated Press

CHICAGO — Bo Jackson, who many believed would never play again, returns to the major leagues Monday as the White Sox designated hitter against Kansas City, the team that gave up on him this spring.

"Even if I strike out four times, everybody will know Bo is back," he said Saturday.

Jackson spent the past week with White Sox farm clubs, testing the left hip he hurt in an NFL playoff game for the Los Angeles Raiders.

Although the Royals released Jackson, the Raiders have said they would welcome him back. "I would appreciate it, however, if nobody mentions the NFL to me," he said. "This is the baseball season."

Harper, Davis and Sorrento Homer as Twins Rout Orioles

Compiled by Our Staff From Dispatches

Brian Harper, Chili Davis and Paul Sorrento all homered and Jack Morris pitched seven strong innings to lead the Minnesota Twins to a 14-3 victory over the Baltimore Orioles in Minneapolis on Sunday.

Harper also doubled, singled and scored three runs. Shane Mack addded three hits as Minnesota equaled its season high of 14 runs and 16 hits.

Minnesota has won three of its last four games. Baltimore has won only six of its last 28 in the Metrodome.

The victory earned Morris (16-10) a share of the American League lead in victories. He is tied with teammate Scott Erickson, California's Chuck Finley and Detroit's Bill Gullickson. Morris won for the third time in five starts, beating Baltimore for the third time in a row this year.

He went seven innings, giving up six hits and three unearned runs.

The Twins scored two runs in the second inning off Arthur Lee Rhodes (0-2). Harper and Mack led off the inning with back-to-back doubles for the first run. Mack advanced to third on Scott Leius's sacrifice bunt and scored on a sacrifice fly by Gene Larkin.

Minnesota got to Rhodes for five runs in the fourth. Chili Davis led off with a walk, Harper singled and Mack reached on a bunt hit to load the bases.

Leius singled to make it 3-0. Larkin singled in another run. Greg Gagne then blooped a single for a 5-0 lead, chasing Rhodes.

Anthony Telford relieved, and one out later issued a bases-loaded walk to Chuck Knoblauch. Kirby Puckett finished the scoring with a sacrifice fly to give Minnesota a 7-0 lead.

White Sox 6, Indians 1: In Chicago, rookie Wilson Alvarez won for the first time since his no-hitter and Frank Thomas hit his 29th home run and went over the 100-RBI mark in his first full season.

Thomas and Carlton Fisk each hit three-run homers, making it 6-0 after two innings. That was enough for Alvarez, who pitched a four-hitter for his only other major league victory besides a no-hitter Aug. 11 in Baltimore.

Thomas, who played 60 games last season in his first year in the majors, homered in the second inning for his 102d RBI. He is batting .385 with 13 home runs and 41 RBIs in his last 38 games.

Yankees 4, Blue Jays 2: Kevin Maas's two-out, two-run double capped a three-run rally in the eighth inning in Yankee Stadium.

Steve Sax drew a leadoff walk from Bob MacDonald (3-2) and Roberto Kelly walked with two outs. Matt Nokes hit an RBI single that tied it at 2 and Maas followed with a long double to center.

Lee Guetterman (3-2) shut out Toronto on one hit in the final three innings for the victory. New York split the four-game series with the AL East-leading Blue Jays.

The Blue Jays took a 1-0 lead in the first when Mookie Wilson walked, stole second and scored on John Olerud's two-out double. New York tied it in the bottom of the first as Steve Sax doubled and scored on Don Mattingly's single.

Toronto went ahead in the sixth, the last inning for Yankees starter Pascual Perez. Devon White hit a leadoff single, stole second and scored on a single by Candy Maldonado. *(UPI, AP)*

■ *In Saturday's games, The Associated Press reported:*

Athletics 9, Tigers 8: Jose Canseco scored the winning run with one out in the 10th inning when Tony Phillips lost Mark McGwire's fly ball in the sun in right field in Oakland. The game lasted four hours, 51 minutes.

"I knew I was in trouble as I went out there because the sun was directly in my face," said Phillips, who entered the game as a pinch hitter in the top of the 10th and stayed in right field.

Twins 5, Orioles 2: Rookie Chuck Knoblauch hit his first major league home run and Kevin Tapani won his eighth straight decision for the Twins in Minneapolis.

Royals 3, Rangers 2: Kirk Gibson hit his 16th home run, a tie-breaking shot in the sixth inning in Arlington, Texas.

Brewers 8, Angels 2: Darryl Hamilton and Robin Yount both drove in two runs to lead the Brewers at home.

White Sox 10, Indians 5: Scott Fletcher and Robin Ventura each drove in three runs, and Frank Thomas hit his 28th home run, as the White Sox, at home, won only their second game of the last 12.

Blue Jays 5, Yankees 0: In New York, Jimmy Key and two relief pitchers allowed just three hits as Toronto won its sixth victory in seven games.

Red Sox 4, Mariners 1: Roger Clemens pitched a four-hitter in Seattle and took over the major league lead in strikeouts.

AMERICAN LEAGUE

SIDELINES

Harwood Wins European Golf Open

TADWORTH, England (Reuters) — Mike Harwood of Australia shot a course record-tying final round of 7-under-par 65 to win the European Open golf title Sunday by two shots at Walton Heath.

Sandy Lyle of Britain shot 67 for second place and a 279 total. John Bland (67) of South Africa, U.S. Open champion Payne Stewart (68) and Seve Ballesteros (70) of Spain tied for third, a short further back.

U.S. Canada Cup Coach Has 2d Tumor

PITTSBURGH (Combined Dispatches) — Team USA, using game plans drawn up by its hospitalized coach, Bob Johnson, beat Sweden, 6-3, in the first game of the Canada Cup ice hockey tournament.

Doctors said that the condition of Johnson, who is also coach of the National Hockey League's Pittsburgh Penguins, had improved Saturday, but that a second brain tumor had been found. The first was removed during emergency surgery Friday.

Johnson, partially paralyzed and unable to speech, sketched up the game plans and gave them to Craig Patrick, general manager of Team USA and the Penguins, on Saturday morning. "His mind's as sharp as ever," Patrick said.

● In other games in the tournament, goaltender Dominik Hasek stopped 37 shots and Richard Zemlicka scored twice as Czechoslovakia beat the Soviet Union, 5-2, in Saskatoon, Saskatchewan. In Toronto, Janne Ojanen's second goal gave Finland a 2-2 tie with Canada. *(AP, UPI)*

For the Record

Sweden will be host for the next world championships, in 1993, the International Table Tennis Federation announced Sunday. *(AFP)*

Knorr Bologna of the Italian basketball league dropped Micheal Ray Richardson, claiming the former NBA all-star had breached his contract. *(AP)*

Mike Tyson testified before the special grand jury in Indianapolis that is investigating an accusation that he raped a beauty pageant contestant; officials said the panel probably will vote Wednesday or Friday on whether to charge the former heavyweight champion. *(AP)*

Phillies Apply the Brakes to the Braves

The Associated Press

Johnny Morris's first home run of the season, leading off the 10th inning, gave the Phillies a 5-4 victory over the Braves on Sunday in Philadelphia.

Morris's homer off Mark Wohlers (1-1), the fourth Atlanta pitcher, was his first hit since the All-Star break after going zero for 17.

It was the Phillies' 18th victory in their last 20 games at home. It was Atlanta's second straight loss in Philadelphia.

Mitch Williams (10-4) pitched the last two innings, giving up one hit.

The Phillies tied the score off reliever Jim Clancy in the eighth. John Kruk singled with one out and one out later stole second. Dale Murphy doubled in Kruk and was replaced by Morris at second base. Charlie Hayes then singled home Morris with the tying run.

Atlanta took a 1-0 lead in the first when Jeff Blauser walked with one out and scored on Ron Gant's two-out double.

In the third, Lonnie Smith led off with a double, moved to third on a groundout and scored ahead of Terry Pendleton's 17th home run for a 3-0 Atlanta lead.

The Phillies scored two runs runs in the fourth as John Kruk doubled with one out and Ricky Jordan hit his ninth homer.

Mets 9, Reds 4: Howard Johnson continued his demolition of the Reds, hitting his 29th homer to take the National League lead in Cincinnati.

Johnson, who had homered twice on Saturday in the New York's 10-inning victory, drove in three runs with a home run, double and an infield out and scored three times. Sunday's victory, the first for Wally Whitehurst (6-10) since July 4, completed a three-game sweep.

New York chased Scott Scudder (5-5) in the sixth after he had faced four batters without retiring anybody. Scudder allowed six hits and seven runs in five-plus innings.

Expos 6, Astros 1: Chris Nabholz pitched a four-hitter and struck out a career-high 11, winning his first game in more than three months as the Expos completed a season sweep at home of Houston.

Nabholz (3-7) broke a personal four-game losing streak as he gained his first victory since May 27 against Philadelphia. Nabholz walked four in his first complete game since last Sept. 20 against the Mets.

Darryl Kile (6-9) lasted only four innings, giving up six hits and all four Expos runs to take Houston's sixth loss in as many games in Montreal this season.

■ *In Saturday's games, The Associated Press and United Press International reported:*

Dodgers 3, Cubs 2: Eddie Murray connected with the first pitch in the eighth inning for his 392d major league home run. Murray's tie-breaking homer, his first in 10 games, helped Los Angeles win at home.

Relief pitcher Jay Howell struck out the Cubs' Ryne Sandberg to end the game with the tying run on third base. It was Howell's 15th save in 16 attempts.

Lenny Harris and Kal Daniels had consecutive RBI singles for Los Angeles in the fifth. Shawon Dunston and Mark Grace had consecutive sacrifice flies in the third.

Mets 8, Reds 7: Keith Miller's 10th-inning homer off Rob Dibble gave New York its victory in Cincinnati.

Howard Johnson homered once from each side of the plate as New York rallied from a 5-0 deficit. He has 28 homers, tied for the NL lead with Atlanta's Ron Gant.

Giants 6, Cardinals 1: In San Francisco, Bryan Hickerson pitched seven shutout innings in his first major league start, and Matt Williams and Kevin Mitchell hit their 25th homers.

Williams hit a two-run homer off loser Bryn Smith in the fourth. Mitchell hit his homer in the seventh off reliever Willie Fraser.

Phillies 5, Braves 0: Jose DeJesus pitched three-hit ball over eight innings and struck out 13 in Philadelphia, as the Phillies ended the Braves five-game win streak.

DeJesus walked six but pitched his way out of two bases-loaded jams to win his fifth straight decision.

Dickie Thon had a pair of RBI singles and Darren Daulton had a homer for the Phillies.

Expos 5, Astros 4: Third baseman Ken Caminiti threw away Spike Owen's bunt in the 10th inning in Montreal, allowing Larry Walker to score the winning run.

Trailing by 4-2 with two outs in the ninth, the Expos tied it on three straight hits.

Pirates 3, Padres 2: Don Slaught hit his first homer of the season to lead off the 12th, giving visiting Pittsburgh its fifth straight victory.

Slaught hit a 2-1 pitch over the left-field fence. Kevin Ward leaped for the ball, but it was out of his reach.

Barry Bonds also had a two-run homer, his 22d, as Pittsburgh moved out to an eight-game lead over the Cardinals in the NL East.

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Alex Tilley: The Man of Many Pockets

International Herald Tribune

PARIS — Who are those American tourists, rare but noteworthy, who do not carry their possessions in black nylon pouches strapped to their bellies but wear neatly tailored blazers with security and aplomb?

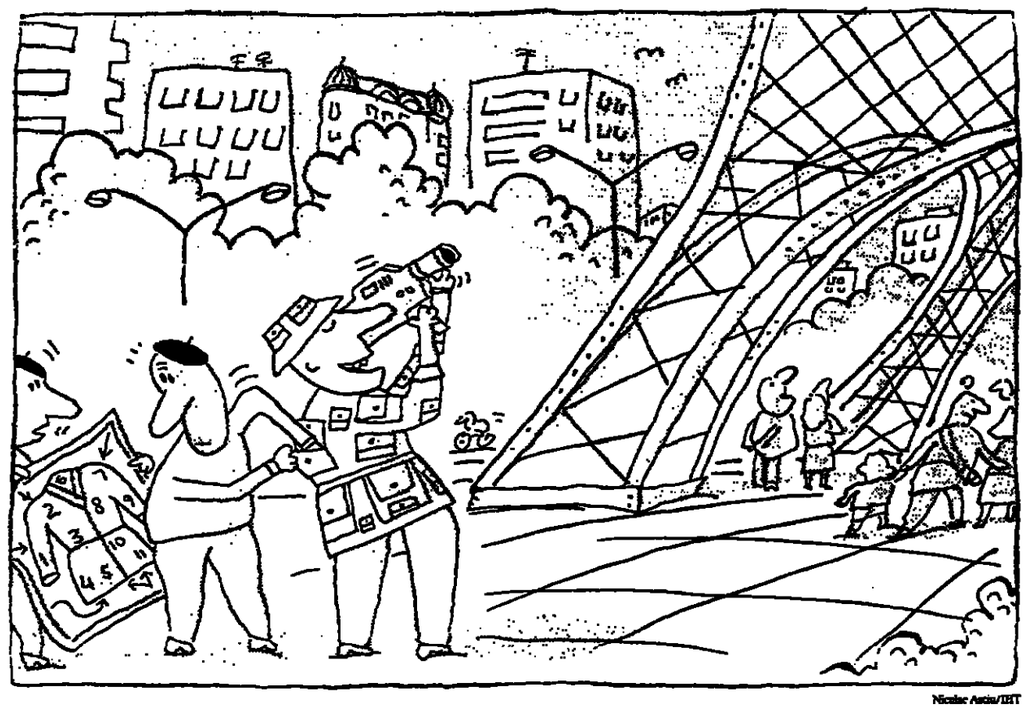
They are the customers of Alex Tilley of Don Mills, Ontario, whose tailoring insures acceptance by the stuffiest headwaiter

MARY BLUME

and baffles the most dexterous pickpocket. Tilley's man's jacket has 10 pockets, only three of them visible and one so secret that even the customer doesn't know where it is until the salesman hands over sealed instructions with the wrapped package.

The Tilley woman may wear her own jacket or perhaps a red shawl-collared wraparound dress with two outside pockets and two secret ones "to protect your valuables and peace of mind."

Not surprisingly, one customer wrote that she had sufficient cash and peace of mind left to wear her $85 Tilley culottes (two secret pockets) to lunch at Maxim's. "Tilleys took Paris by storm," wrote the happy customer, Linda Mogul of Scarborough, Ontario.



Nicolas Asfouri/IHT

Protection from pickpockets isn't enough these days. Talking by telephone from his Ontario shop, Tilley said that among the new wrinkles in his Tilley Endurables line is a small Canadian flag tucked into the sealed envelope bestowed on the blazer buyer.

"One customer was in Libya at the time of the American bombing. He quickly drew a Canadian flag on the front of his Tilley hat that he thinks saved his life."

Tilley Endurables (washing instructions: Give 'Em Hell) are, as their name suggests, not exactly geared to high fashion. They may be advertised in The New York Times but they are more in the *up-country L. L. Bean mode*, aimed at adventure clothing. Tilley's gimmick has been to realize that even adventurers tend to lose things and are as paranoid as the greenest tourist.

"Number one we are assuming that something terrible is probably going to happen to you and you might be stranded only wearing Tilleys, so they mustn't fall apart and must look good wherever you're going. Number two is the pickpocket thing."

Alex Tilley, whose firm has turnover of *$8 million in Canada* and $1 million in the United States, is a former art dealer whose success comes from his hobby, sailing.

His first invention, in 1980, was the unsinkable and, it is claimed, unlosable sailing hat, still a best seller. This was followed the next year by a pair of shorts which are not only full of pockets but have a "doublebum" reinforced seat to prevent wear, and space to stow a six-pack of beer.

"Archaeologists swear by them," the director of the Royal Ontario Museum's expedition to Nubia wrote Tilley.

The Tilley hat, which its inventor claims is held on by gravity and not pressure (it also has a chinstrap), has been sold in New Guinea, Norway and Dubai where a customer wrote that he wears it in 53-degree centigrade (127-degree Fahrenheit) heat. It *has been worn by a lifer in a* Canadian penitentiary, Canada's America's Cup team and by the Canadian forces in the Gulf war. Tilley also sent a pair to the Prince (size 7½) and Princess (size 6⅞) of Wales. Paul Newman's Tilley was photographed in *Life* magazine — on the head of a stuffed moose.

The brimmed Hat (it is always referred to with a capital H) is available in four variants, none of them exactly ugly and all of them useful for bailing water, guaranteed forever, and having space in the crown to write the owner's name and address in case of mishap. Of course they also have a secret pocket for stowing cash.

The Hat is probably the only one in the world to come with a four-page owner's manual (also available in German and French) which begins with the question Which is the Front End? and closes with tips from owners:

● *On a hot day, try wearing a* dampened handkerchief inside the Hat.

● When you hear 'Hat Overboard' toss a life buoy to mark the spot. The Hat *floats* low and can be hard to find in big waves.

Tilley's safe adventurers can also stride the world fearlessly in bomber jackets with the owner's registration number and Tilley's telephone number in case of loss, and the Vest of Many Pockets, or VOMP, which has 11 outside pockets, including one that serves as a backpack, and five inside pockets.

The VOMP got a couple of Tilley customers safely through Palermo but Tilley says he doesn't recommend it for going to Europe because it is so weighty. He suggests instead the Field Vest, which has four outside pockets, two inside and a "Bellowed back pocket big enough for a sweater or nine Diet Cokes."

Just as New Yorkers some years back took to wearing duck-hunter's boots to PTA meetings, Tilley says he saw just the other day a businessman in a necktie wearing Tilley Adventure cloth trousers in downtown Don Mills, Ontario. "He probably wasn't even using his secret pocket because here you don't have to."

But — and this is the secret of Tilley Endurables — nowhere is safe. A few years back, Tilley's wife had her wallet stolen in Athens airport and got home to find even worse: her jewels had been heisted from her Don Mills home. A Tilley Endurable secret pocket on a living room wall? Why not.

LANGUAGE

Endings: Women's Talk in Japan

By Ellen Rudolph

TOKYO — Nobuko Yotsuya struck a blow for feminism in Japan two years ago when she won election as the first female vice chairman of Tokyo's Metropolitan Assembly. But for all the power that was suddenly hers, she was unable to break through a formidable barrier: the linguisitic one. She couldn't bring herself to use a simple three-letter suffix, *-kun*.

In the hitherto all-male assembly, the vice chairman had always called upon members not by using the customary honorific *-san*, as in Sato-san, but with *-kun*. This is backslapping, locker-room usage. It isn't so much crude as familiar, and Yotsuya-san wasn't comfortable affecting this sort of macho casualness.

Even Mariko Mitsui, a colleague of Yotsuya-san's and a bold Japanese feminist with a mischievous sense of humor, recalls her trepidation at joining in the traditional catcalls in the legislative chamber. The expressions used are quite rough (read masculine), like *uruyai* and *damare*, the Japanese equivalents of "shut up," and *"Nani o itteru ka,"* which means "What the hell are you talking about?" Gentler (that is, feminine) forms of heckling don't exist, or would sound ludicrously polite.

Newspapers and magazines report almost daily on shifting sexual mores in Japan. The Justice Ministry is considering a proposal that would allow married women to retain their maiden names. This spring, a woman won a mayoral election for the first time. A woman has just been named managing editor of The Okinawa Times, the first major Japanese newspaper to be run by a woman. But the linguistic divide between the sexes endures, even if it is little acknowledged. In Japan, men and women have different ways of speaking.

One of the first verbal hurdles boys and girls have to overcome is the way to end sentences. A boy might say *"Samui yo"* to declare "It's cold, I say!" But a girl would say *"Samui wa,"* expressing what is, in effect, a question: "It's cold, don't you think?" When referring to themselves, boys often use the word *boku*, which means "I." Girls can't; they have to say *watashi*, a pronoun that can be used by either sex but that is more polite.

Parents and teachers are vigilant linguistic police, correcting children who use forms reserved for the other sex. Girls in particular are upbraided with *"Onnanoko na no ni,"* which means "You're a girl, don't forget."

□

In a country where social interaction turns on an immense number of hierarchical distinctions, women are expected to be verbally correct at all times. All Japanese learn polite usages, but women have to be more polite. Women use the same set of honorifics that are appended to certain nouns and the same special verb forms and sentence constructions used by all Japanese in polite situations. But the frequency with which women employ more formal expressions sets them apart as the humbler sex.

When referring to other people's families, all polite Japanese use the word *go-kazoku* for "family"; when they are talking about their own families, they simply use the word *kazoku*. To be properly deferential, when they are referring to others, the verbs *ikimasu* ("to go"), *kimasu* ("to come") and *imasu* ("to be") are replaced by the more polite *irasshaimasu*. (What this confusing form of humility underscores is not that the Japanese don't know if they are coming or going but the importance of context in conversational Japanese. A listener will know what is meant under the circumstances.) When one humbles oneself to a person in a higher position, *ikimasu* and *kimasu* are replaced by *mairimasu*; *imasu* by *orimasu*.

In addition to this special vocabulary, women adopt a distinctive tone of voice, carriage and behavior. On a recent afternoon, Suzuko Nishihara, an administrator at the National Language Institute, was telling me how Japanese women generally speak in a higher-pitched voice than men, especially when exceptional politeness is called for. At that moment of our conversation, an older Japanese man appeared at her office door to inform her that a budget meeting was beginning earlier than scheduled. She responded in, of course, a high-pitched voice. "You see?" she said. "That's precisely the sort of thing I was talking about."

Takako Doi, who recently resigned as head of the Socialist Party and is one of the most visible women in Japan, succeeds in breaking many of these rules. Her voice is always low, even when she is passionately pressing a point. She uses honorifics much less often than most women, and she employs the masculine form, *de arimasu*, instead of the more polite, and thus feminine, *de gozaimasu*, meaning "to be."

□

There are other signs of change, particularly among younger Japanese. Suzuko Nishihara said that her two college-age daughters use more neutral, less polite and even mildly masculine forms of speech. Instead of ending their sentences with the feminine *wa yo*, they use *da yo* (the masculine form) when they are speaking with their classmates, male or female. Toward their elders, they end their verbs with *-masu* instead of the more polite *gozaimasu*.

But no one knows whether college habits will survive job training, marriage and motherhood. When a Japanese woman marries, she descends to the bottom rung in her husband's family, marked by her having to use the most ingratiating forms of speech. It's not a matter of saying "Excuse me" or "May I?" but of using language to place the husband's family in an honored position.

Thus a married woman would abandon the usual polite suffix *-san* in favor of the very polite form *-sama*. Generally, a newlywed would never call her mother-in-law *okaasan* ("mother") but rather *okaasama*. And she would use decidedly humble forms of speech when referring to herself and her own family.

Furthermore, in Japan's intensely competitive educational system, being linguistically correct is considered so important that many mothers study books on how to speak properly to a child's teachers.

Kumi Sato, a cosmopolitan, American-educated woman who heads a public relations company in Tokyo, casually salts her English with all manner of American colloquialisms. But in Japanese her whole demeanor changes; she becomes unequivocally Japanese. "In Japan, one's speech shows one's upbringing and education," she says. "Personally, I try not to use male language to state my position. Even when I'm in a commanding position or giving orders, I don't use the suffix *-kun*. I don't believe women have to talk or play a man's game to be successful."

Ellen Rudolph, an American photographer and film and video producer who lives in Tokyo, wrote this for The New York Times. William Safire will be back next week.

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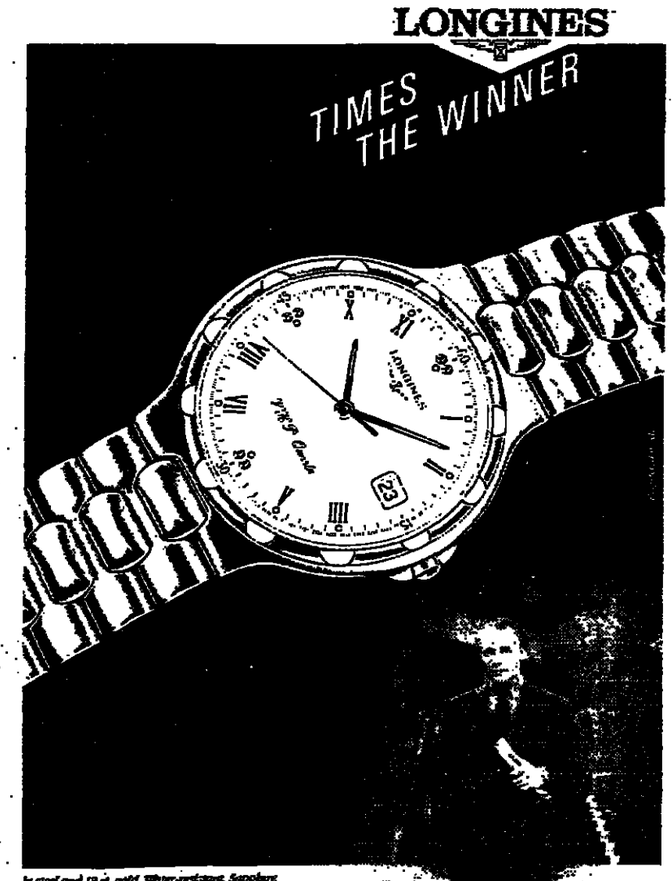

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